

March 2004

**Steel and Poultry:
State-Business Networks in Russian Trade Policy**

Ingerid M. Opdahl

**Cand. polit thesis
University of Oslo
Department of Political Science
Spring 2004**

Summary

In March 2002, two trade problems in the bilateral relationship between Russia and the United States received unprecedented attention from politicians, journalists and analysts in the two countries:

1. Russian steel export to the United States was affected by safeguard measures on steel import introduced by President George W. Bush.
2. Russian veterinary authorities imposed a temporary import ban on American poultry.

The trade problems quickly rose to a political level in the bilateral relationship, reflecting a lack of bilateral trade regulation. The press linked the two problems and called them a trade war on steel and poultry.

In my thesis, I use these two trade problems as cases to analyse interaction between Russian state and business actors when they manage trade issues. I analyse state-business interaction from 1998 to late 2002 according to a network framework. In this framework, networks between state and business actors have six dimensions: actors, functions, structure, institutionalisation, power relations, and strategies of the public administration. The steel and poultry networks are first described and analysed through these six dimensions. Afterwards, they are discussed according to four models for state-business interaction that have recurred in the research debate: clans, loose networking patterns, state capture and elite exchange. Lastly, I explore factors that may influence network formation and change. Two factors are explored explicitly, as independent variables: the bilateral relations between Russia and the United States, and sector structure in the involved industries.

In the research debate about interest mediation in Russia, the pattern of relations between state and business actors is a source of dispute. The question of which side has more autonomy and influence on the other is also a contested issue. In the steel case, I find that state and business actors have close and frequent contact, and that membership on the business side is restricted. In the poultry case, the state has substantial influence on access channels from the business side to state agencies. The business side, in return, acquires substantial influence on the domestic market. In both cases, the bilateral relationship influences developments in the networks. I also conclude that in the Russian system for interest mediation, networks are stable. This is an insiders' system, where access to the state is for the privileged.

Acknowledgements

I thank Anton Steen, my supervisor at the Department of Political Science, University of Oslo, for his support and comments in the work on this dissertation.

Heartfelt thanks also go to everyone at the Norwegian Institute for Defence Studies, especially Torunn Laugen Haaland for comments on drafts and support throughout the project, and Kåre Dahl Martinsen for good advice and useful input. Also special thanks to Sven Holtmark and Guri Hjeltne for practical advice prior to data collection.

The research trip to Moscow and Helsinki in May-June 2003 would not have been possible without funding from the Norwegian Institute for Defence Studies, for which I am most grateful. Financial assistance from the Department of Political Science was also very helpful.

Data collection would have been much more difficult without the assistance and enthusiasm of Tatiana Bogomolova at the news magazine *Ekspert*; Larisa Osipova in the Russian Union of Industrialists and Entrepreneurs; Päivi Määttä, librarian, and Jouko Rautava, economist, at the Bank of Finland Institute for Economies in Transition; Marianne Thure at the library of the Finnish Institute of International Affairs, and the library staff at the Finnish Institute for Russian and East European Studies.

Warm thanks go to Jorunn Brandvoll, Natalia Dubodel and Iaroslav Kostiuk in Moscow, and Elli Flen in Helsinki, for practical advice and encouragement during the research trip.

Thanks to the members of STAS for comments on drafts and useful advice at various points in the research process, and to family and friends for their support during this study.

Of course, none of the above mentioned persons are to blame for errors and mistakes, which are fully my own responsibility.

Russian words are transliterated according to a simplified Library of Congress system. I have chosen to transliterate the soft and hard signs in the references only, and not in the text.

Oslo, March 2004,
Ingerid M. Opdahl

Contents

SUMMARY	III
ACKNOWLEDGEMENTS	V
TABLES AND FIGURES	X
ABBREVIATIONS, NAMES AND TERMS	XI
<i>English and Russian names</i>	<i>xi</i>
<i>Abbreviations</i>	<i>xi</i>
1 INTRODUCTION	1
1.1 Introducing the subject of this study	1
1.2 The core question	1
1.2.1 <i>Empirical aim of the study</i>	1
1.2.2 <i>Theoretical aims of the study</i>	2
1.3 Research design	3
1.3.1 <i>The analytical framework</i>	3
1.3.2 <i>The dependent variable</i>	4
1.3.3 <i>The independent variables</i>	5
1.3.4 <i>Four models</i>	7
1.3.5 <i>Two cases</i>	7
1.3.6 <i>Reasons for choosing the cases</i>	7
1.4 Delimitations of the study	8
1.4.1 <i>Empirical delimitations of the study</i>	8
1.4.2 <i>Theoretical delimitations of the study</i>	8
1.5 Methodological comments	9
1.5.1 <i>The choice of a multiple, embedded case study</i>	9
1.5.2 <i>Different analytical elements in the research design</i>	9
1.5.3 <i>Data collection</i>	10
1.5.4 <i>Data's completeness and bias</i>	10
1.5.5 <i>Reliability and consistency in the study</i>	12
1.6 Outline of the study	12
2 A THEORETICAL FRAMEWORK FOR STATE-BUSINESS INTERACTION	14
2.1 The network framework	14
2.1.1 <i>The network defined</i>	14
2.1.2 <i>Network dimensions</i>	15
2.2 The use of the network framework here	16
2.3 The choice of models for the study	17
2.3.1 <i>The models' origins</i>	17
2.3.2 <i>Shortcomings in the models</i>	17
2.4 The models	18
2.4.1 <i>Clans</i>	18
2.4.2 <i>Loose networking patterns</i>	20
2.4.3 <i>State capture</i>	22
2.4.4 <i>Elite exchange</i>	24
2.5 The models compared and systematised	26
2.6 The development of the research debate	28
2.7 Transforming theory into practice	29
2.7.1 <i>The independent variables</i>	29
2.7.2 <i>The dependent variable: description</i>	30
2.7.3 <i>The dependent variable: change and influence</i>	31

3 THE STEEL CASE: HISTORY AND ANALYSIS	33
3.1 Introduction	33
3.2 The background	33
3.2.1 <i>Steel products and steel markets</i>	34
3.2.2 <i>Steel in Russia</i>	34
3.2.3 <i>Russian steel export</i>	36
3.3 The 1999 bilateral steel agreements	37
3.3.1 <i>Russian exporters are faced with anti-dumping accusations</i>	37
3.3.2 <i>The 1999 US-Russian steel agreements</i>	38
3.3.3 <i>Conflicting views of the agreements among the steel exporters</i>	39
3.3.4 <i>Why were the agreements signed?</i>	41
3.4 After the agreements	42
3.4.1 <i>Domestic problems</i>	42
3.4.2 <i>Renewed action towards the United States</i>	42
3.4.3 <i>Meetings and plans</i>	43
3.4.4 <i>American producers target imports again</i>	44
3.4.5 <i>Efforts to achieve market status for the metallurgical branch</i>	45
3.5 Safeguard measures	45
3.5.1 <i>Losses and reactions</i>	46
3.5.2 <i>A trade war over steel and poultry?</i>	47
3.6 Russian steel producers react	48
3.6.1 <i>Efforts to protect domestic markets</i>	48
3.6.2 <i>Renewed unity among the large steel producers</i>	48
3.6.3 <i>A background of passivity</i>	49
3.6.4 <i>Unilateral termination of the General Agreement</i>	50
3.6.5 <i>A government programme for industry development</i>	51
3.6.6 <i>Declarations of government support are followed up</i>	52
3.7 Russia is designated a market economy	52
3.8 Developments in Russia after the market economy status	54
3.8.1 <i>The government programme</i>	54
3.8.2 <i>The quota controversy</i>	55
3.9 Developments in 2003	56
3.10 This case in light of the core question	57
3.10.1 <i>The network in this case</i>	57
3.10.2 <i>The network in steel and the models</i>	67
3.10.3 <i>Influences on the network</i>	69
 4 THE POULTRY CASE: HISTORY AND ANALYSIS	 72
4.1 Introduction	72
4.2 The background	72
4.2.1 <i>The Russian poultry market</i>	72
4.2.2 <i>American poultry in Russia</i>	73
4.2.3 <i>Russian poultry production</i>	74
4.2.4 <i>Food import and poultry trade</i>	74
4.3 US poultry comes under attack	75
4.3.1 <i>A newly active industry</i>	75
4.3.2 <i>Restrictions on American poultry in Ukraine</i>	76
4.3.3 <i>Russian veterinary authorities ask for clarifications</i>	76
4.4 The import ban	77
4.4.1 <i>American reactions</i>	77
4.4.2 <i>Bilateral negotiations coincide with salmonella findings</i>	78
4.4.3 <i>A ban for political reasons?</i>	79
4.4.4 <i>The import ban and the domestic poultry business</i>	79
4.4.5 <i>Poultry importers and the import ban</i>	80
4.4.6 <i>The motivations for the import ban</i>	81
4.4.7 <i>Effects of the import ban</i>	81
4.4.8 <i>The political significance of the import ban</i>	81

4.5 Poultry import from the US after the chicken crisis	82
4.5.1 <i>Prolonged insecurity</i>	82
4.5.2 <i>New certificates</i>	82
4.6 2003: Meat import quotas	83
4.7 A new start for the poultry business?	83
4.7.1 <i>Passivity and disunity</i>	83
4.7.2 <i>The first deputy minister complains of lacking support</i>	84
4.7.3 <i>A new business association</i>	85
4.7.4 <i>Rosptitsoiuz</i>	87
4.7.5 <i>Rosptitsoiuz acts</i>	88
4.7.6 <i>A government programme</i>	88
4.8 This case in light of the core question	89
4.8.1 <i>The network in this case</i>	89
4.8.2 <i>The network in poultry and the models</i>	97
4.8.3 <i>A network in change?</i>	100
5 CONCLUDING REMARKS	103
5.1 Introduction	103
5.2 Main empirical findings: Privileged access in stable networks	103
5.2.1 <i>A brief summary of the steel network</i>	103
5.2.2 <i>A brief summary of the poultry network</i>	104
5.2.3 <i>Privileged access in stable networks</i>	104
5.3 Main findings as regards the models of state-business interaction	107
5.3.1 <i>The poultry network and the models</i>	107
5.3.2 <i>The steel network and the models</i>	108
5.3.3 <i>The models: inadequate at the sector level but useful research tools?</i>	108
5.4 Main findings as regards influences on the networks	109
5.4.1 <i>Network change</i>	109
5.4.2 <i>Sector structure</i>	109
5.4.3 <i>Bilateral relations</i>	109
5.4.4 <i>Internal sources of network change</i>	110
5.5 Implications for further study	110
5.5.1 <i>Influences on state-business networks</i>	110
5.5.2 <i>The network framework revisited</i>	111
APPENDIX	113
REFERENCES	117
I. Literature	117
II. Other sources	121

Tables and figures

Figure 1.1 Putnam's two-level game in this study	3
Figure 1.2 The focus of this study	4
Table 2.1 The models systematised according to network dimensions	26
Figure 2.1 The models placed on a continuum	27
Table A1 Imports to the United States from Russia, 1999-2002	113
Table A2 Exports from the United States to Russia, 1999-2002	113
Table A3 Production of crude steel 2002	114
Figure A1 Export of Russian iron and steel to the United States, 1999-2002	114
Figure A2 Poultry consumption in Russia 1990-2002	115
Figure A3 American poultry export to Russia, 1991-2002	115

Abbreviations, names and terms

English and Russian names

English name	Russian name
Association of Eurasian Poultry Market Operators	Assotsiatsiia operatorov evraziiskogo rynka miasa ptitsy
Commission for Protective Measures in Foreign Trade	Komissiiia po zashchitnym meram vo vneshnei torgovle
Coordination Council for the Metallurgical Complex	Koordinatsionnyi sovet metallurgicheskogo kompleksa
Inter-Regional Scientific-Technical Centre for Poultry Breeding	Mezhregional'nyi nauchno-tekhnicheskii tsentr "Plempitsa"
Russian Meat Union	Miasnoi soiuz Rossii
Ministry for Anti-Monopoly Policies	Ministerstvo po anti-monopol'noi politike
Ministry for Transport and Communication	Ministerstvo putei soobshcheniia
Ministry of Agriculture	Ministerstvo sel'skogo khoziaistva
Ministry of Industry, Science and Technology (Industry Ministry)	Ministerstvo promyshlennosti, nauki i tekhnologii
Ministry of Trade	Ministerstvo torgovli
Russian Cattle-Breeding Union	Soiuz zhivotnovodov Rossii
Union of Russian Sugar Producers	Soiuz rossiskikh sakharoproizvoditelei

Abbreviations

Abbreviation	English name	Russian name
GMPR	Mining and Metallurgical Union of Russia	Gorno-metallurgicheskii profsoiuz Rossii
ITC	International Trade Commission	
Mechel	Cheliabinsk Metallurgical Plant	Cheliabinskii metallurgicheskii kombinat
MERT	Ministry of Economic Development and Trade	Ministerstvo ekonomicheskogo razvitiia i torgovli
MID	Ministry of Foreign Affairs	Ministerstvo inostrannykh del
MMK	Magnitogorsk Metallurgical Plant	Magnitogorskii metallurgicheskii kombinat
NLMK	Novolipetsk Metallurgical Plant	Novolipetskii metallurgicheskii kombinat
NTMK	Nizhnii Tagil Metallurgical Plant	Nizhnetagilskii metallurgicheskii kombinat
Rospitsoiuz	Russian Union of Poultry Producers	Rossiiskii ptitsevodcheskii soiuz
RSPP	Russian Union of Industrialists and Entrepreneurs	Rossiiskii soiuz promyshlennikov i predprinimatelei
SEMPR	Union of Russian Metals Exporters	Soiuz eksporterov metalloproduksii Rossii
TPPRF	Russian Chamber of Commerce and Industry	Torgovaia-promyshlennaia palata Rossiiskoi Federatsii
USAPEEC	US Poultry and Egg Export Council	
VNIIPP	All-Russian Institute for Scientific Research of the Poultry Meat Processing Industry	Vserossiiskii nauchno-issledovatel'skii institut ptitsepererabatyvaiushchei promyshlennosti
VNITIP	All-Russian Institute for Scientific Technological Research of Poultry Production	Vserossiiskii nauchno-issledovatel'skii tekhnologicheskii institut ptitsevodstva
ZapSib	West Siberia Metallurgical Plant	Zapadno-Sibirskii metallurgicheskii kombinat

1 Introduction

1.1 Introducing the subject of this study

Under Vladimir Putin, economic interests have become more prominent in Russian foreign policy. The question of how economic interests affect Russian foreign policy is often discussed with an emphasis on the large oil and gas suppliers, like Gazprom or Lukoil (e.g., Donaldson and Noguee 2002: 172-175). Less attention is given to representatives of other industries. However, they also matter, but are rarely influential enough to be distinct foreign policy actors. In general, business actors rely on contacts and ties with state agencies to promote their interests. How such interaction shapes Russian domestic politics is a central topic in the research debate. It is less studied how interaction between state and business actors is influenced by and influences upon Russia's foreign relations (Bukkvoll 2002 is one exception). This study focuses on a set of problems where foreign relations and domestic politics, and state and business actors meet: trade issues.

1.2 The core question

How do Russian state and business actors interact when managing trade issues? This study tries to answer the question through an analysis of two cases of state-business interaction in Russia from 1998 to 2002. Both cases are trade issues that have to do with the United States. The first case concerns Russian steel production and export to the United States, while the second case concerns Russian poultry import from the United States.

1.2.1 Empirical aim of the study

In the debate about patterns of interaction between state and business actors in Russia, there are different opinions about the degree of separation between economic and political actors. For example, Thane Gustafson argues, "[t]he relationship between the state and the private sector is on the whole unpredictable and antagonistic" (1999: 226). Richard E. Ericson formulates another common view when he refers to a "conflation of economic and political actors and agents" (2001: 254). Likewise, analysts discuss the extent of state autonomy towards business. Lilia Shevtsova holds

that under Putin, “[t]he regime achieved its goal of getting all the industrialists and oligarchs in one place and under its control” (2003: 180). Similarly, Peter Rutland argues, “[b]usinesses compete for individual favors from state agencies and are constantly fearful that their privileges might be revoked” (2001: 26). Other observers maintain that the state is the weak side of the relationship, and that it is faced with strong business interests: “(...) the political system is presently too weak to be an effective partner to Russia’s new capitalism (...). The present social revolution in Russia is unusual in modern experience, in that so far it is leading to a weaker state, not a stronger one” (Gustafson 1999: 233).

On this background, the first aim in this study is empirical:

- (1) To describe how state and business actors interact in the two mentioned cases.

1.2.2 Theoretical aims of the study

Different models have been proposed in the debate about state-business interaction. For example, some argue that there are influential state-business clans (Vorozheikina 1994; Graham 1999: 329; Lane 2000; Wedel 2001; Rutland 2001). Barbara Lehmbruch takes a different view, and proposes that loose networking patterns connect state and business actors (1999, 2001). Others again have found that business interests have captured the state (Hellman, Jones and Kaufmann 2000). Timothy Frye argues that the state-business relationship is more like an elite exchange (Frye 2002). The second aim of this study is theoretical:

- (2a) To discuss whether some of these models are better suited than others to describe state-business interaction in the two cases.

These models can be discussed and compared within the network framework. The network framework systematises the study of interaction between state and business actors. A network is defined as an enduring linkage pattern of interdependent politicians, bureaucrats and interest representatives (van Waarden 1992: 31). The network framework will be discussed in detail in chapter two.

There is little coverage in the literature of how and why networks change. Many studies of network change and continuity in Russia focus on the transition from the

Soviet to the post-Soviet period (Vorozheikina 1994; Kharkhordin and Gerber 1994; Sapir 1996). More current studies often focus on general elite change and elite backgrounds (e.g., Kryshchanovskaya and White 2003). Additionally, networks are seen as influenced by domestic politics only (e.g., Kjellberg and Reitan 1995). In trade issues, and in the context of foreign relations in general, this appears as a shortcoming. Therefore, the last theoretical aim of this study is

(2b) to explore factors that may explain how networks are formed and change. Do relations with other countries influence domestic networks?

1.3 Research design

1.3.1 *The analytical framework*

Management of trade issue includes responding to external and internal actions and challenges during and in-between periods of bilateral contact. This is very much a two-level game (Putnam 1988), and it is an indispensable part of the foreign relations of any country. For this reason, trade issues are worthwhile for studying the intersection of foreign and domestic policies. With a thorough understanding of these processes, one can begin to see how business actors influence the making of foreign policy.

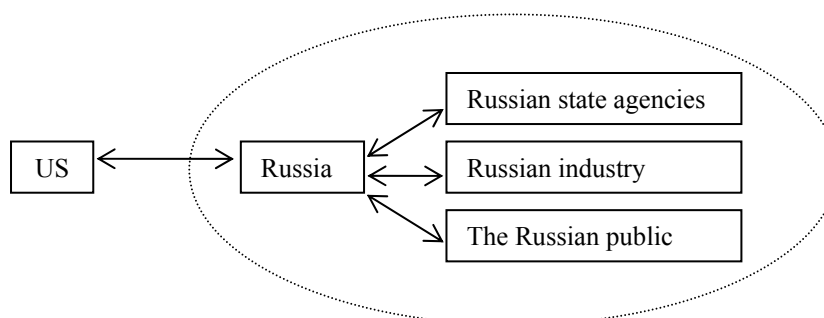


Figure 1.1 Putnam's two-level game in this study

Figure 1.1 illustrates Putnam's two-level game in this study. Here, the Russian government has to take into account the positions of various public and private domestic actors when it meets the United States in the bilateral relationship.

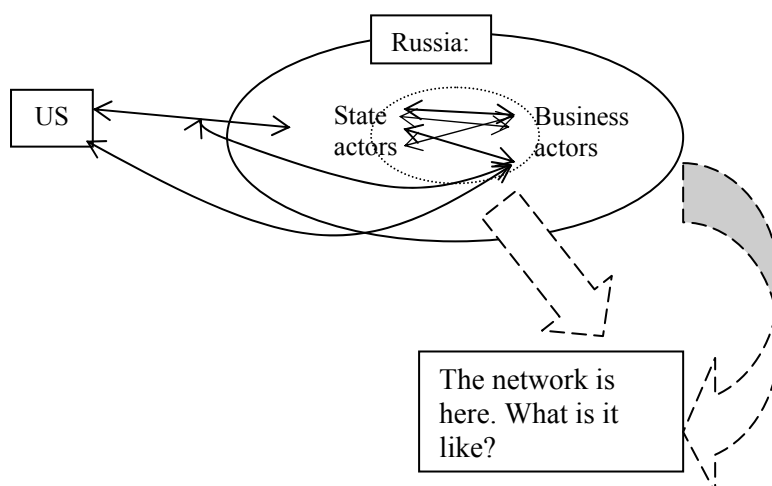


Figure 1.2 The focus of this study

Figure 1.2 illustrates the focus of this study. The relationship between Russian state and business actors is central, but at the same time, both state and business actors maintain relations with American actors. The Russian state-business relationship is therefore also influenced by the bilateral Russian-US relationship.

1.3.2 The dependent variable

This study's dependent variable is the network. A network is defined as an enduring linkage pattern, where politicians, bureaucrats and interest representatives are interdependent. In short, networks are institutionalised channels for transactions (van Waarden 1992:31). In this study, networks are characterised and operationalised through six dimensions.

1. Actors: Who are the actors, and how many actors are there?
2. Functions: What do the actors do, e.g., exchange information, or negotiate?
3. Structure: Is the network large and open, or small and closed?
4. Institutionalisation: Are relations between the actors stable, or formalised?
5. Power relations: Does the state side or the business side seem to have more autonomy than the other?
6. Strategies of the public administration: Is it accessible, not accessible, or does it actively support specific organised interests?

State-business interaction as networks

Russia's political economy is a hybrid in which market principles and other organising principles coexist. Hierarchies from the Soviet period have disappeared, and it is still debated whether new ones function well as organising principles. Networks therefore seem useful to systematise the organisation of state-business interaction, and the network dimensions are flexible, and allow for comparison across different cases and sectors. The network dimensions are also useful for comparing the four models in this study.

The network framework is a descriptive tool in which influences on state-business interaction can vary according to societal level, policy area or organisation (Kjellberg and Reitan 1995: 89, 91). That is an advantage in this study. The framework does not restrict the type of influences that the network variable can be subject to. However, the network as a dependent variable is somewhat problematic. A network can also (and is likely to) influence its surroundings. In this way, the causal relationship between variables becomes unclear. Explanation becomes difficult, as one cannot tell whether changes in the network can be explained by changing surroundings, or vice versa.

This is a study that aims to explore the factors that may influence networks. It will not be possible to establish unambiguous causal relationships between the dependent and independent variables. The problems of an unclear causal relationship between the variables within a network framework are managed in two ways. Firstly, when describing the empirical networks, I take great care to establish at which points in time the networks change. When a network change follows a change outside the network, the external change may have influenced the network. Secondly, I try to discuss whether the evidence points towards other influences than that of the independent variables. These two precautionary procedures allow me to benefit from the advantages of the network framework, and avoid the worst of its disadvantages.

1.3.3 The independent variables

This brings the discussion on to the independent variables. This study has two independent variables. One is the bilateral relationship between Russia and the United States. The other is sector structure. The independent variables are complementary.

That is, they are not to be understood as rival explanations of change and variation, or hypotheses to be tested. The independent variables are assumptions about where the influences on the networks come from. They are both particularly relevant aspects of the networks' context (cf. Andersen 1997: 122).

The bilateral relationship between Russia and the United States

The bilateral relationship between Russia and the United States is included as an independent variable because both of the cases in this study are trade problems between Russia and the United States. Therefore, I want to explore whether domestic Russian networks are influenced by the bilateral relationship between the two countries. This variable fills a gap in the existing literature.

The bilateral relationship is here defined as official contacts between Russian and American government agencies. It includes negotiations, letters, telephone conversations, visits, bilateral agreements, and Russian and US government acts and statements. Perhaps needless to say, only official contacts that concern the trade issues under study are included.

Sector structure

Sector structure is a combination of the economic structure of the industry, and the economic weight of the industry in the Russian economy. Economic structure of the industry is defined as the number (many or few), size (large or small) and distribution (geographically dispersed or concentrated) of enterprises. Economic weight of the industry is the importance of the industry to the Russian economy as a whole. The two factors are connected with each other. An industry that has many, large and geographically concentrated enterprises is likely to be important to the Russian economy, but an industry that has few, small and geographically dispersed enterprises is less likely to be important.

Determining whether a sector displays a concentrated or dispersed overall structure, with a significant or negligible weight, is relatively easy. In the Russian economy, some industries have a significant economic weight. In effect, most other industries are relatively unimportant on their own. Raw materials extraction and heavy and chemical industries are geographically concentrated in clusters. They are also composed of a

few very large enterprises. In many cases, there are whole regions with many one-shop towns. Most other industries are in comparison dispersed and consist of smaller enterprises. Since the two cases are characterised by very different sector structures, I want to explore whether their relations to the state-business relationships are different.

1.3.4 Four models

Within the network framework, I use four models of state-business relations to analyse the networks in the cases. The models are clans; loose networking patterns; state capture, and elite exchange. The models are discussed and compared along the six network dimensions mentioned above. In the case analyses, I first use the network dimensions to map the empirical networks. Afterwards, I discuss how the models fit the empirical networks.

1.3.5 Two cases

Both the steel case and the poultry case consist of events. The two central events of the steel case are a set of bilateral steel agreements from 1999 between Russia and the United States, and American safeguard measures imposed on steel from Russia and other countries in March 2002. The central event in the poultry case is an import ban on American poultry imposed by Russian authorities in March 2002.

1.3.6 Reasons for choosing the cases

The cases were chosen for their political significance as well as out of practical considerations.

Political significance

In US-Russian trade, steel and poultry are among the more important products economically. Trade with steel and poultry acquired unprecedented prominence in the bilateral relationship between Russia and the United States in March 2002. The Russian media linked the Russian poultry import ban to the American safeguard measures against Russian steel, and called it a trade war. The media suspected that the Russian import ban on American poultry was retaliation against the American protective import duties on steel. The political significance of the cases makes it interesting in its own right to study the networks between state and business actors,

because of widespread allegations that business actors influenced state actors to impose an import ban on poultry. This issue is discussed on page 47.

Practical considerations

The cases are well covered in Russian and international media because of their political significance. This eased the initial search for actors and evidence. The industries are easily delineated from neighbouring industries, and a limited number of actors participate. This made it possible to carry out the study within the time frame available. In spite of the political significance of the cases, they lack the sensitivity of for example military matters. Therefore actors are relatively approachable. Background information and data are also relatively openly available.

1.4 Delimitations of the study

1.4.1 Empirical delimitations of the study

The cases in this study are limited in time. For the steel case, the limits are autumn 1998 and the end of 2002. The limits for the poultry case are the middle of 2001 and the end of 2002. During these periods, the cases' central events took place. For both cases, the study includes a few references to developments before 1998 and in 2003, but they are not part of the analyses. The time frame allows for studying state-business interaction in some detail. At the same time, the cases end in late 2002 because the trade issues in question underwent substantial changes in early 2003. The cases therefore reached a preliminary end in 2002.

1.4.2 Theoretical delimitations of the study

This study does not aim to contribute to the studies of Soviet networks, nor on change in networks from the Soviet period to the post-Soviet period. However, I will refer to this debate on pages 28 and 29, when I discuss the development of research on networks in post-Soviet Russia.

1.5 Methodological comments

1.5.1 The choice of a multiple, embedded case study

The case study was chosen as a research design for this study for two reasons. Firstly, the case study is a desirable research strategy, because it is well suited to analyse the full variety of detail within a contemporary context. Secondly, in a qualitative case study, the empirical cases may in light of theory be simplified to a few theoretical variables. This makes it possible to generalise from a complicated set of empirical details to the theoretical variables. In short, a case study is suitable for dealing with “operational links [that need] to be traced over time” (Yin 1994: 5).

In each case, some events and sub-processes have been chosen as subunits. Consequently, this study is designed as a multiple, embedded case study. To find the subunits, I looked for the events where the state-business relationship is especially important, or where the actors manage crucial issues. I also asked actors and observers during interviews which events they considered most important for their sector in the period under study. This approach delimits the cases and makes it feasible to study them within the space given here.

1.5.2 Different analytical elements in the research design

This study contains elements of description, theory interpretation, and exploration. The network approach is used to organise the description and analysis of the empirical networks. I also use four models to analyse the empirical networks. The element of exploration in the study concerns the connection between the independent and dependent variables. To study this connection, I analyse events chronologically (cf. Yin 1994: 116-117). One of the findings in this analysis is that change in one of the independent variables is followed by change in the dependent variable. This study is not a causal inquiry. The pattern of coinciding variation between one of the independent variables and the dependent variable cannot be substantiated as a causal link. This is because the two independent variables chosen for the study are not mutually exclusive, as discussed on pages 5-6.

If one were to consider only the last, exploratory element of the design of this study, one could call it an exploratory study as discussed by Yin, a study that “explore[s] those situations in which [...] [there is] no clear, single set of outcomes” (1994: 15), and that may assess “the value of further investigating various hypotheses or propositions” (1994: 140). However, the exploratory element in this study is connected to a gap in the existing literature. Therefore, I find it more accurate to define this part of the study as motivated by theory. This is discussed by Svein Andersen as one of four case study designs (1997: 30-31).

1.5.3 Data collection

The data for this study was collected from November 2002 to September 2003. The first data search was conducted mainly on the Internet. Systematic searches were carried out in news and news clippings archives,¹ media outlets’ archives,² and through search engines. I also searched for data on the web pages of Russian and American ministries and agencies. During a research trip in May-June 2003, I conducted informal interviews in Moscow. Some respondents gave me access to written sources. Two respondents replied in written form to my questions due to a lack of time. I also searched for data in various libraries in Helsinki. This was particularly useful for completing the search for newspaper clippings.³

1.5.4 Data’s completeness and bias

In spite of an extensive search for written material, internal material from the involved state agencies and businesses was unavailable. This is a common problem when writing about recent events. Therefore I decided to conduct interviews. There is however still a scarcity of first hand sources. When establishing a course of events from second hand sources, I therefore used many different data sources. I compared

¹ Most important were the archives of Radio Free Europe/Radio Liberty [<http://www.rferl.org>], Johnson’s Russia List [<http://www.cdi.org/russia/Johnson/>], and the US Poultry and Egg Export Council’s Moscow office [<http://www.usapeec.ru>].

² Most important were the archives of the Russian newspapers and magazines *Vedomosti*, *Nezavisimaia gazeta*, *Vremia MN*, *Krestianskie Vedomosti*, *Metallsnabzhenie i sbyt*, and the internet-based outlet *Gazeta.ru*. Other archives included those of the newspapers and magazines *Izvestiia*, *Novaia gazeta*, and *Rossiiskaia gazeta*, *Moskovskaia Promyshlennaia gazeta*, *Ekspert*, *Versiiia/Sovershenno sekretno*, *Vremia novostei*, and the news agency Ria-Novosti.

³ Most importantly, from the newspaper *Kommersant* and the weekly news magazine *Kommersant-Vlast*.

interviews and written reports throughout the analysis in order to improve the construct validity of the data.

Completeness in interviews

When preparing for interviews, I compiled a list of actors for each case from media reports. Media reports do not always include all actors, and this reduces the data's completeness. I then made a selection from the list of actors. This was a subjective judgment, based on which organisations and individuals appeared to be most central and active in the cases. In the end I interviewed the individuals with whom I could establish contact and was granted an appointment.

The selection and self-selection of respondents is a problem when it comes to the Ministry of Agriculture and the organisation Rosptitsesoiz for the poultry case, and for the steel producers and the Industry Ministry for the steel case. I was not able to obtain interviews with any representative from these agencies and firms. The Industry Ministry and the steel producers were very thoroughly covered in other sources, while the Ministry of Agriculture and Rosptitsesoiz were not that well covered. Still, they are present in the written material to such an extent that I could make well-founded conclusions.

To receive as much information as I wanted from the respondents, I tried to give them ample information about the questions I wanted to ask, and what kind of information I would need. Practical obstacles occasionally hindered such efforts. I also took great care to describe the study and my research questions at the beginning of each interview. In general, the respondents were open to an unexpected extent, and answered my questions thoroughly.

Bias within sources

Most of the sources were biased in some way. For example, some respondents and journalists may prefer to be indirect or carefully balanced in their criticism of the government. This is a problem when it leads to omission of crucial details about the course of events in the cases. As far as possible, I have tried to compensate for bias by using multiple sources, and assessing how I might still use the sources, while being aware of their bias.

Bias in the selection of sources

The reliance on media sources has its drawbacks. Without using media reports as sources, data for this study would hardly have been available. On the other hand, media reports already represent a selection of sources and events. Therefore I carried out an extensive search for media sources, to avoid relying too much on one outlet. In addition, I asked all respondents about which events they assessed as more important in the cases. Their answers were rather similar.

Another drawback is the reliance on the US Poultry and Egg Export Council's (USAPEEC) news clippings archive on the Internet. This archive gave me access to media reports for the poultry case, including many reports that I eventually used as sources. Parts of the material, e.g., all reports from the news agency Interfaks and most from *Kommersant*, would otherwise have been unavailable to me. For available media sources reproduced in the archive, I checked the original to establish whether USAPEEC staff had edited them. I also carried out extensive searches in quoted media outlets to find out whether all relevant articles had been included in the USAPEEC archive.

1.5.5 Reliability and consistency in the study

Throughout the data collection and analysis, reliability was ensured through documentation of procedures and thorough notes. All communication with prospective respondents was documented in an electronic spreadsheet. Sources were systematised according to type and date. All written sources and interview notes are preserved and systematised in an archive.

Interviews pose a specific reliability challenge, because notes must be accurate and complete. I did not record interviews, but relied on notes that I completed and wrote out soon afterwards. During interviews, I often repeated statements and rephrased especially important answers in my own words, to make sure I had understood them.

1.6 Outline of the study

This study consists of five chapters. After this introduction comes a theoretical chapter, where the network approach, and the four models are further elaborated and discussed. Then come two chapters with description, findings and analysis of the cases

in this study. Further discussion of the findings, and implications for further research are presented in the conclusion. Background material in the form of tables and figures can be found in the Appendix.

2 A theoretical framework for state-business interaction

This study's theoretical framework draws on models of relations between state and society. As described in the first chapter, the theoretical aim of this study is firstly to discuss whether some models are better suited than others to describe state-business interaction in the two cases. The second aim is to explore factors that may explain how networks are formed and change, and to find out whether relations with other countries influence domestic networks.

The network framework systematises state-business interaction according to a number of dimensions. This chapter starts with a presentation of the six dimensions used in this study: actors, functions, structures, institutionalisation, power relations and strategies of the public administration. After this, I discuss the network concept in more detail. I then elaborate why I chose four models of state-business interaction for this study and discuss their general shortcomings. This is followed by a presentation of the models, and a comparison of them according to the network dimensions. Afterwards, I place the models in the research debate on state-business interaction in contemporary Russia. The last section of this chapter describes the operational approach in this study.

2.1 The network framework

2.1.1 *The network defined*

Networks are defined as more enduring linkage patterns based on an interdependence of politicians, bureaucrats and interest representatives, that is, as institutionalised channels for transactions (van Waarden 1992: 31). The network framework provides “a continuum along which elite interaction may be organised in various ways” (Steen 2003: 146). Shortly summarised, in networks, contacts and ties channel access to decision-making and/or policy making processes. The networks also often channel cooperation in policy formation, implementation and legitimation (van Waarden 1992: 31; cf. Milward and Francisco 1983).

2.1.2 Network dimensions

Frans van Waarden distinguishes between seven major dimensions of networks (1992: 32-37), and I have chosen six of them for this study.⁴ Firstly, **actors**. Who are the actors? One important subdimension is the number of actors, which determines the size of the network. The type of actors is also important: Do they come from state agencies, businesses, or interest organisations? Is there a representational monopoly?

Secondly, **functions**. Van Waarden sees networks as channels of communication, but the relationship between state and business may include other functions as well, for example: “channeling access to decisionmaking processes; consultation, or exchange of information; negotiation (...); coordination of otherwise independent action; and cooperation in policy formulation, implementation and legitimation” (van Waarden 1992: 33-34). Listed in this order, the functions imply an increasing intensity in the relationship.

Thirdly, there is **structure**, meaning the pattern of relations between actors. The pattern depends on how large the network is. It also depends on whether the network has open and fluent, or closed and monopolistic, boundaries. Further, networks vary according to the frequency and duration of interaction, that is, intensity. Multiple relations can link actors: the more different actors in the network have different linkages, the higher the network’s density. The network can be coordinated by hierarchical authority, or by horizontal consultation and bargaining. And a network is more or less stable, which is also a subdimension of its structure.

Van Waarden sees one structural property as especially important: **institutionalisation**, and treats it as a dimension in its own right. To what extent are contacts formalised, and are they stable? The fifth dimension discussed in this study is **power relations**. This refers to the relative autonomy of state agencies towards business actors and of business actors towards the state. For example, state agencies may be captured or colonised by business interests or, on the contrary, state actors may capture societal organisations or use them for instrumental purposes.

⁴ The one that is left out is conventions of interaction. This refers to the “rules of the game”, which govern the exchanges within the network (van Waarden 1992:36). The dimension was left out because it is difficult to measure.

The last dimension in this study is **strategies of public administration**. Van Waarden argues that actor strategies can be studied usefully from the perspective of administrative agencies, and this is the approach here as well. This dimension refers to the extent to which state actors select or change participating actors, and whether they attempt to shape the relations with these actors.

2.2 The use of the network framework here

The network concept was developed to systematise the discussion of state-societal relations within policy areas (Kjellberg and Reitan 1995: 86). The concept is well suited for both the empirical and the theoretical purposes of this study because it is flexible. The network dimensions that systematise state-societal relations are designed for comparison of cases from different societal sectors. The dimensions are also useful tools for describing interest mediation within different sectors and industries. Moreover, these dimensions make it possible to compare and discuss different models of state-societal relations. Another aspect of the network framework's analytical flexibility is that it different factors may influence a network's characteristics (Kjellberg and Reitan 1995: 91). This is especially important here, because I aim to explore precisely such factors. The network perspective is a descriptive tool (Kjellberg and Reitan 1995: 89), and therefore particularly well suited for exploration.

It is important that the network concept is not understood as a catchall term for contacts and the exchange of resources between state actors and societal actors in general (see e.g. Rhodes 1990; Smith 1994: 34). The network literature is diverse, and throughout the development of the concept the word network has taken on many meanings.⁵ Here, the network framework allows for a systematic comparison of theoretical models, and is a useful tool for systematising empirical data.

⁵ For the development of the concept, see Milward and Francisco (1983: 282-285), van Waarden (1992), Smith (1994), and Hill (1997: 66-74).

2.3 The choice of models for the study

2.3.1 *The models' origins*

The models presented here have been developed in studies of state-business interaction in Russia.

The models' theoretical and scholarly origins are attractive. The clan approach, described below, draws on a large body of scholarship, mostly originating in clientelism. As defined by Luis Roniger, clientelist arrangements are “built around asymmetric but mutually beneficial and open-ended transactions and predicated on the differential control by social actors over the access and flow of resources in stratified societies” (1994: 3). This definition is open to different interpretations: it could even be a point of departure for all the models discussed below. And in turn, the clan approach has partly influenced the development of the other models in this study. The models are not discussed as variations on clientelism here. Still, they do represent different approaches in a research debate (briefly summarised later in this chapter) that developed out of clientelism.

2.3.2 *Shortcomings in the models*

Reliance on description

The clan and state capture models of state-business relations both developed partly as answers to the question of why a market economy did not emerge in Russia. Therefore, they have their limits, discussed in more detail below. One could even question whether they can be called models of state-business relations. They are still sketchy, and many aspects and implications of them have not yet been analysed. In the case of elite exchange and loose networking patterns, this development has come even shorter. In essence, the models share a lack of abstraction. To use them, one has to rely on description. However, the purpose here is precisely that of description, and analysing the data. When using the models for analysis within a broader network framework, they can be fruitful.

International relations

As discussed in chapter one, trade issues involve both foreign and domestic policies and politics. Therefore, when considering the factors that may influence the state-

business networks in the cases, it seems important not to overlook the bilateral relations between Russia and the United States.

The models discussed below do not take international relations into account. This may be a shortcoming. These models are primarily developed for studying state-business relations within sectors, rather than across sectors. How to adjust them to the study of the domestic-international intersection is a complex question. Is it possible, for example, that domestic loose networking patterns can include bilateral relations? Can clans have a bilateral membership? In this analysis, I explore how bilateral relations influence the networks under study.

2.4 The models

2.4.1 *Clans*

The clan model focuses on relations between one major societal interest group, with a **representational monopoly**, and the state. The structure is **closed**, and links are provided through **horizontal consultation** and mobility of personnel. Decisions reflect the interests of the major interest group. A common assumption is that this occurs at the geographical centre of politics, but it can be applied to regional politics as well. Whether taking place in the federal centre or in regional ones, clan relations are high-level contacts between state and business. There is less emphasis on intra-business relations, and this is a shortcoming in the model. As clan relations are channels for transmitting influence between a major interest group and the state, they can affect all types of policies. The selection of partners in the clan follows a principle of **exclusivity**, that is, the public administration is accessible, but only to the selected interest group. The clan is **stable** over time, and enforcement mechanisms operate “on a **normative basis**, with shared values and interpersonal trust compensating for institutional deficits” (Lehmbruch 2001: 195-196, emphasis added).

Use of the clan model in Russia

In studies of post-Soviet political economies, the clan is a common model of interest mediation (Kharkhordin 1994; Vorozheikina 1994; Stark and Bruszt 1998;

Lane 2000; Hosking 2000; Wedel 2001; Rutland 2001).⁶ Some authors see exclusive, informal contacts as the main explanation of Russian policymaking, or as an explanation of the market's failure. For example, David Lane, seeing Russia as a "chaotic social formation", argues that its social and economic system "lacks institutional coordination and promotes social fragmentation" (2000: 497). In consequence, personal networks "on an industry, regional and bureaucratic basis determine outcomes" (Lane 2000: 499). Shevtsova argues similarly when she says that "[i]n the absence of independent institutions, the vacuum was filled by groups of influence, and the struggle among them for political clout and property was the major substance of politics in Russia." Unlike some other observers, she sees the "clan struggle" as something that takes place in all societies. However, "[t]he problem in Russia was that neither the rule of law nor independent institutions constrained the clan wars" (2003: 194). Consequently, coordination of the "interests of clans and moguls" becomes one of the cabinet's more important tasks (2003: 222).

It is not an uncommon assumption that there are several competing clans in Russian politics (Johnson 1997: 333; Graham 1999: 329). Janine R. Wedel has called this the **clan-state**, "a state captured by unauthorized groups and characterized by private property and pervasive corruption" (2001: 11). In the clan-state, furthermore, "individual clans, each of which controls property and resources, are so closely identified with particular ministries or institutional segments of government that the respective agendas of the state and the clan become indistinguishable" (2001: 11). This can be seen as a variation of state capture, where different clans' interests dominate state policies. The clan model will in this study not be seen to necessarily include outright capture of state agencies.

Criticism of the clan model applied to Russia

Lehmbruch argues that proponents of the clan approach fall victim to a false functionalistic logic (2001: 200). She agrees that Russia "lacks institutionalized sources of trust". However, she criticises the idea that clans, in the absence of a state that guarantees contract enforcement in the market, can guarantee contracts through informal contacts. This she calls a "logical jump", an erroneous inference. The

⁶ The clan model is sometimes referred to as directors' networks.

erroneous inference is that “the level of contract enforcement is constant across societies and across time” (2001: 200). Instead, she argues that the level of contract enforcement varies across societies and time. Moreover, she criticises an assumption common in the clan approach, that trust is based on traditional social formations, like kinship ties. This is hardly conceivable, she holds, in an industrial society like Russia.

The clan approach has guided studies of state-business relations in many countries. But one can still criticise it for being too specifically tied to studies of East Asia, especially China and South Korea. When applying concepts closely associated with the South Korean *chaebols* to Russian clans, substantial empirical differences between the two are disregarded. This can be seen as a consequence of holding one set of conditions, the market, up as an ideal, and allocating the opposing set of attributes to informal relations (Lehmbruch 2001: 198).

2.4.2 Loose networking patterns

A less integrated pattern

A recent study of state-business channels of influence found that business associations are important for successful lobbyists in Russia (Frye 2002). One could assume that business associations are less useful to successful lobbyists, because they lobby directly, or form part of clans. Frye (2002: 1018) argues that organisational ties are one of a multitude of channels for firms to influence state policies. From this point of view, formalised channels and procedures supplement informal channels of influence. The formalised channels may have diverse functions, and business associations provide state actors with a potential channel for policy implementation.

Characteristics of the loose networking pattern

Lehmbruch provides an approach to this way of interpreting state-business relations in Russia (2001). She proposes that “loose networking patterns” characterise ties between enterprises and state actors, and between businesses. Ties are **informal**, but need not be close, cohesive, or clan-like. Instead, ties are formed according to the purpose, i.e., they are utilitarian. They are also disjointed and unconnected, and they

exist on a **case-by-case** or ad hoc basis (2001: 210). Contacts and their channels change over time, but the general system carries traits of a **stable instability**.⁷

Arguments for the loose networking pattern

The loose networking patterns are a consequence of what Lehmbruch refers to as the **pervasive uncertainty** of the post-Soviet economy. Uncertainty shortens time horizons, but it also fosters opportunism. Therefore, the risks of operating in an uncertain political and economic environment prompt actors to reduce, or at least, manage uncertainties through hedging strategies.

For enterprises, one hedging strategy is to work with multiple business partners. Another strategy is to rely on transactions with foreign partners (Lehmbruch 2001: 214). But not all risks can be met with these strategies. Lehmbruch argues that business actors have followed two complementary strategies as they have tried to manage the uncertain environment (1999: 7-8; 2001: 20). They have tried to spread risks by **multiplying**, rather than strengthening, **ties** with state actors and other businesses. They have also tried to avoid risks by **minimising exposure**, that is, they have pursued vertical integration and autarchy as business strategies.

The loose networking pattern in interest mediation in Russia

One consequence of the multiplication of ties is an increasing **demand for political brokerage**. The most important function of business associations is not to aggregate and represent collective interests, but to intermediate individual interests (Lehmbruch 2001: 168). Business associations broker connections for their members and clients, while only “halfheartedly catering to the collective needs” of their members (Lehmbruch 2001: 169). As such, this represents a modification of the clientelistic logic: brokers act as intermediaries between patrons and clients, or as “highly expert network specialists” (Boissevain 1974: 147-148; Clapham 1982: 8). Direct ties between state and business actors supplement brokerage, as this is one way of multiplying ties.

The demand for brokerage, and the multiplicity of loose networking ties, form a system of stable instability. Institutions are weak, but these features of the system

⁷ She also suggests that this characterised the Soviet economy, when constant shortages led to ‘fire-fighting’ instead of stability (Lehmbruch 2001: 210).

provide structural stability. This applies to both state and market institutions. Therefore the instability: organisations come and go, as do particular ties and contacts. But the demand for their functions, the demand for interest mediation, remains.

Shortcomings of the loose networking pattern

The loose networking approach is based on studies of intra-business and business-state ties. One can use it at all levels of state-business interaction, and regarding all types of policies. The state side of state-business contacts is less clearly illuminated in this approach. However, the environment of pervasive uncertainty, which here has a profound influence on networks, affects state actors as well as business actors.

2.4.3 State capture

State capture is a model of state-society relations of relatively recent origins.⁸ Especially from 1999, it has been proposed as relevant for post-communist transition economies, and Russia is prominent among the countries for which it is proposed.

The state capture approach focuses on the extent to which firms bribe state agencies, and/or exercise influence over state agencies that benefits them more than it costs, to affect reforms and policies. One reason for including a discussion of the term in this chapter is that the concept of elite exchange developed as a response to some of the state capture literature. In addition, some variations of the clan model can, as mentioned above, come close to a popular view of state capture. For the sake of clarity in the analysis, state capture is therefore discussed in some detail.

Characteristics of state capture

In state capture, contacts between state and business actors include **a limited number of non-state actors who have captured the state**. There are several definitions of state capture, and a lack of consensus surrounds the term (Frye 2002: 1017). Joel S. Hellman and Mark Schankermann define state capture as activities undertaken by private agents to “shape government policy (including regulatory agents and the judiciary) through illicit and non-transparent methods” (2000: 546).⁹ When private agents shape government policy without using illicit private payments to public

⁸ It is occasionally referred to as the capture economy.

⁹ This is distinct from administrative corruption, which distorts the “prescribed *implementation* of official rules and policies” (Hellman, Jones and Kaufmann 2000: 3, emphasis in original).

officials, it is defined as influence (Hellman, Jones and Kaufmann 2000: 3). In other words, the means applied distinguish state capture from influence on state policies.

Frye, who prefers another approach to state capture, defines it as occurring “where firms **exercise influence** over state policy while bearing little cost for their efforts” (2002: 1021, emphasis added). This is what in Hellman and Schankermann’s definition would be mere influence, and not state capture. The definition partly determines whether state capture is a useful approach. Frye’s definition is broader, and brings the less obvious sources of influence into the picture. This makes it easier to compare actors with financial leverage over public officials with those that have other sources of leverage. In this view, the means of influence matter less than costs and benefits of actors’ influence.

Regardless of definition, economic policies and their implementation will first and foremost be affected in state capture. However, they need not be the only targets. Other policies might also be of interest to captor firms. State capture is, like clan relations, most often seen to affect state-business relations at the highest political level, both in the geographical centre and on the periphery.

State capture in this study

Frye’s definition is also my approach to state capture. I find it useful to see state capture as a situation in which business interests influence state policies without having to give anything in return to the authorities. The reason for this is that state capture defined this way compares more easily to the other models. It is problematic to include illicit payments in the network framework, as one would have to do in the other definition.

State capture in Russia

Russia is among the countries with a high score on indexes of state capture (e.g., Hellman, Jones and Kaufmann 2000). State capture is mostly studied from the firms’ perspective. This means that while there have been several studies to measure the share of firms that engage in capture, there have been few studies that measure the share of state agencies affected by it. Capture is a strategy of new firms, which are

faced with competition from “influential incumbent firms with close historical and formal ties to the state” (Hellman, Jones and Kaufmann 2000: 35).

Shortcomings in a state capture model

The firms’ perspective implicit in the state capture model gives few opportunities to study intra-business relations. Also, business actors outside firms, e.g., business associations, seem to be excluded from the state capture network. One could imagine that business associations act as intermediaries for influence in state capture. However, the approach is focused on capture as something firms engage in towards state agencies directly, without intermediaries.

2.4.4 Elite exchange

Frye shows that politically influential firms use a wide variety of means to influence state policies (2002). Still, his results indicate that capture of the state is less relevant as a characterisation of the firm-state relationship than elite exchange.

Characteristics of elite exchange

Elite exchange occurs where “successful lobbyists gain **influence by providing benefits** to state officials” (Frye 2002: 1021, emphasis added). In his study, Frye finds that two kinds of benefits are provided to state officials, namely, inspections (including tax inspections), and price controls. Inspections by state agencies offer multiple opportunities for corruption for politicians and bureaucrats, while price controls “disperse benefits to the broad voting public, while inflicting costs on small groups of firms” (Frye 2002: 1029). This is also a view of the firm level. Rutland, however, argues a similar point at the societal level: “lobbying in Russia is **a two-way process**—and more top-down than bottom-up, since the state creates and sustains most business groups” (Rutland 2001: 24, emphasis added).

Elite exchange in Russia

Bunin et al. (2002) argue for the notion of an exchange within state-business channels of communication. They approach the issue of business organisations from the side of state agencies. Their argument is that in the politics of accession talks to the World Trade Organisation, Russian state agencies saw the need for shaping the organisational environment according to their needs. This suggests that state agencies

have an instrumental view of business associations. However, one can also see it as strengthening the idea of interest brokerage and elite exchange. Access to policymaking processes (and WTO access negotiation) for business actors was in their view exchanged for state actors' influence of the organisation of brokerage. Both sides accordingly shape the mediation channels.¹⁰ Shevtsova suggests something similar when she refers to the so-called oligarchs joining the Russian Union of Industrialists and Entrepreneurs (RSPP) in 2001. Until then, the RSPP was a lobby for dogmatic Soviet directors. She argues that the oligarchs were pressured by the Kremlin to join the RSPP, thus achieving its “goal of getting all the industrialists and oligarchs in one place and under its control” (Shevtsova 2003: 180).

Elite exchange in this study

In sum, the notion of *quid pro quo*-relations (Frye 2002) between politicians and bureaucrats on one side, and business actors on the other, may prove a useful approach to state-business relations, between the state and firms, and between the state and business associations. Here, elite exchange is seen as a network in which business leaders are not allowed to influence policies without providing something in return. Also, this is a network where both state and business actors influence the channels of communication. This is a reciprocal relationship, where **power is more equally distributed** than in a state capture relationship.

Shortcomings in an elite exchange model

Elite exchange is relevant for studying state-business interaction at all levels, not only the highest level. It is however less useful for approaching intra-business ties. Using this approach, influence on different kinds of policies and their implementation are the targets of business activities towards state actors. But state actors as well try to influence business policies.

¹⁰ Bunin et al. also argue that major business actors, most notably Oleg Deripaska of Russian Aluminium, in this fashion were co-opted into supporting Russian WTO accession, in return for a substantial influence on the timetable and substance of accession talks (2002).

2.5 The models compared and systematised

Do the four models complement each other, or are they mutually exclusive from a network perspective? The table below shows the expectations in each of the models for the dimensions described in 2.1.

Table 2.1 The models systematised according to network dimensions

	<i>Network model</i>			
<i>Network dimension</i>	Clans	Loose networking patterns	State capture	Elite exchange
Actors: state agencies and...	... one major interest group with an informal representational monopoly	... many businesses and interest brokers, mainly business associations	...a limited number of firms	...an unspecified number of businesses, and business associations
Functions				
-channelling access	Yes	Yes	Yes	Yes
-consultation	Yes	Yes	Yes	Yes
-negotiation	Yes	Possible	Yes	Possible
-cooperation	Yes	Less likely	Yes	Possible
Structure	Closed boundaries; membership exclusive	Open boundaries; membership on case-by-case basis. Demand for brokerage	Fluent boundaries; but total number of members restricted	Open boundaries; membership is stable. Brokerage is possible
-type of coordination	Horizontal consultation, mobility of personnel	Hierarchical authority	Hierarchical authority	Hierarchical authority
-density	High	Low	Medium	Medium
-intensity	High	Low	Medium	Medium
-stability	High	Low	Low	Medium
Institutionalisation	High, and informal	Low, mainly informal	Low, and informal	Medium, and informal
Power relations	Open to capture of state by society: low state autonomy	State agencies are autonomous, society has some influence	Societal interests have captured state agencies	Power is equally distributed between state and societal actors
Strategies of public administration	Exclusive access for one group	Access and recognition, but not active support for interest associations	Access and informal recognition	Access and informal recognition, and active support of preferred actors

The network dimensions are adapted from van Waarden (1992: 39-41).

An important issue here is of course how the state-business relationship is in each of the models. On the actor dimension, the models initially seem different. However, while clans and loose networking patterns are so different that they seem mutually

Partly, they approach state-business contacts from different angles, and partly, they address different issues of these contacts. Such a combination may provide a more complete understanding of evidence in the cases than a single approach.

2.6 The development of the research debate

In the debate about state-business networks in Russia, there are three important contested issues. Firstly, there is the question of how one best may describe state-business interaction in Russia today. This debate is quite thoroughly discussed in section 2.4 on the four models in this study. As will be remembered, there are two connected questions that divide opinions more than others: (1) the degree to which political and economic elites are separate, or conflated, and the degree of integration between them, and (2) the extent to which the state is autonomous when faced with business interests. Secondly, these two questions are connected with the question of network continuity between the Soviet Union and Russia. The discussion about network continuity is again closely connected with the third issue, which is the question of how important networks were in the Soviet Union itself. To place this study firmly in the context of the research debate, a short excursion into the issue of network continuity is necessary. The question of how important networks were in the Soviet Union is a natural starting point.

Scholars agree that contacts and ties served to coordinate policy implementation in the Soviet economy. It remains disputed whether this was a permanent system in the system, or perhaps an integral part of the system. In the latter view, there existed over time extensive clientelistic exchange between upwardly mobile officials and their higher-level patrons (see Hough and Fainsod 1979: 528, 542-3; Eisenstadt and Roniger 1984: 186-191; Willerton 1992: 231; Vorozheikina 1994: 109).¹¹ An alternative view is that ties were present throughout the system, but that each contact was conditional, arbitrary, precarious, and opportunistic (Lehmbruch 2001: 18).

The issue of continuation between the Soviet Union and Russia is connected with this. Many writers who use the framework of clans and clan-like networks assume that

¹¹ These links between officials in the Party and government systems are occasionally confused with everyday favours, most often referred to as *blat*, of a general and material kind.

there is considerable continuation between the late Soviet and the post-Soviet period (e.g. Kharkhordin and Gerber 1994; Sapir 1996: 66-68). A middle view is taken by Tatiana Vorozheikina, who argues that the existing Soviet clientelistic networks were weakened in 1990-92 as many new actors came into the system, and the system itself disintegrated and changed. Political struggle then “enhanced the clientelistic dimension of the new polity” (1994: 112). New networks included both state and private interests, as business mixed with bureaucracy in the new, transitional economy.

Lehmbruch argues that the collapse of the Soviet system eventually met with a response from actors, slowly transforming the system and turning it into what it is today—a hybrid (2001: 32-33, 55-56). In her view, explanations based on Russian traditional ties and the uniqueness of its societal mechanisms are unconvincing when applied to what she sees as a mix of traditional and modern elements in the Russian political economy (2001: 4-6, 193-209, 232-237). Some traits of the economic system, and even some individual ties and contacts, may be similar in the Soviet and post-Soviet periods. But this cannot be equated with continuity, because the system is not a continuation of the Soviet system. She prefers to describe Russian society today as a “peculiar mix of modern and traditional, personal and impersonal, formal and informal elements” (2001: 21).

2.7 Transforming theory into practice

2.7.1 The independent variables

There are two independent variables in this study: bilateral relations between Russia and the United States, and sector structure. The independent variables are assumptions about where influences on the networks come from, and they are not to be understood as alternatives to each other. The independent variables are presented and discussed on pages 5-7. As will be remembered, they are operationalised as follows.

The independent variable bilateral relationship between Russia and the United States is operationalised as

- Official contacts between Russian and American government agencies: negotiation, letters, telephone conversations, visits, bilateral agreements, and Russian and American government acts and statements.

The independent variable sector structure combines the economic structure of the industry with the economic weight of the industry in the Russian economy:

- Economic structure of the industry is the number, size and distribution of enterprises;
- Economic weight of the industry is the importance of the industry to the Russian economy as a whole.

2.7.2 The dependent variable: description

The dependent variable network is operationalised through the six dimensions discussed on page 15: actors, functions, structure, institutionalisation, power relations, and strategy of public administration. Here, the dimensions are specified and elaborated with series of questions that I will ask throughout the analysis. The questions address the task of describing the networks in the cases. It also makes it possible to discuss whether they can be understood using the models from this chapter.

Actors: who participate?

Who participates on the state and business sides? Does participation change over time? The actors can be (parts of) government agencies, enterprises, and business associations. Some actors are individuals, other actors are organisations represented by individuals. I will look for actors among participants at meetings, negotiations, and representatives of involved government agencies and enterprises. It is also important to find out how many actors there are, and whether some potential actors seem to be conspicuously absent.

Functions: what do the actors do?

Do the actors exchange information? Is there an element of negotiation between state and business actors? Do they discuss policy formation? Does it appear that state and business actors meet only to add legitimacy to decisions taken elsewhere? Does this change over time?

Structure: how do the actors interact to carry out functions?

Is the network open to new members? Do network members meet often? Is interaction intense, or is it more intermittent? Do actors meet in different circumstances, to discuss varying aspects of the problems? Does there seem to be any coordinating authority? Does the structure change over time?

Institutionalisation: where and how often do actors meet?

Network members may have regular meetings with more or less the same members from time to time, perhaps under the aegis of a formal organisation or forum. Meetings can also be irregular and informal, with a varied attendance. Or some arenas can be formalised and regular, while others are informal and irregular. This may also change over time.

Power relations: decisions in the network, when and how

The power relations in the network are indicated by the answer to several questions. One such question is: when decisions are made in the network, do they reflect the interests of state or business actors? Another is, when business actors want some kind of action from the side of authorities, does this action take place? Under whose aegis are decisions made? Are any actors excluded from participation in making certain decisions? Perhaps many issues appear to be settled in an informal channel with few participants, while a corresponding formal channel, with more members, meet to legitimate decisions? Does this change over time?

Strategies of public administration: accessible and active or not

The public administration may choose to be accessible or inaccessible to business actors. It is also important whether state agencies actively support business associations, try to create or change them, or destroy them. In their contact with business actors, state agencies may pursue a policy of delegating public authority. This may also change over time.

2.7.3 The dependent variable: change and influence

When determining whether and how networks change, I will describe how the network dimensions change over time. In short, the networks will be described according to whether they grow or shrink; take on more or fewer functions, or become

more or less intense; whether there are changes to their formalisation; or to their openness; and whether one perceives an increase or decrease in state autonomy.

Having established changes in the networks, the next step will be to explore the factors that influence networks. Can one link changes in the networks to changes outside the network? And lastly, do the changes in the networks follow changes in the bilateral relations between Russia and the United States? Or has the sector structure changed? And lastly, are there other factors that seem to be important?

3 The steel case: history and analysis

3.1 Introduction

This case includes a set of steel agreements entered into between the American and Russian governments in 1999, and the build-up to them; subsequent efforts to have the agreements renegotiated; safeguard measures, including special steel duties, imposed by the United States in March 2002, and the Russian-American steel talks that followed the American declaration of Russia as a market economy in June 2002.

The case revolves around the mutual relations between the steel industry and the state. The steel industry is composed of steel producers and their business associations. The state is also composed of multiple actors, and specifications are given along the way. I have tried to go in as much detail as possible. For reasons of space, I still had to concentrate on the largest steel producers, and on the more central state agencies as found during the first round of data collection. Because the central issue in the case is that of steel export, some steel producers and state agencies receive less attention than if the central issue had more to do with the domestic Russian steel market.

The chapter is divided into three parts. There are first a few pages that introduce the background to the case. The next part is a historical narrative of developments in the case from 1998 to late 2002, including all the major events. Finally comes the analysis, where I discuss the case as a case of network formation and change.

3.2 The background

The steel market is one of the most regulated and protected international markets. There are widespread subsidies in steel production. There is also an overcapacity internationally, contributed to by inefficient excess capacity in many countries. The Organisation for Economic Cooperation and Development (OECD) regularly hosts talks to reduce excess capacity and eliminate subsidies. In 2002, tariffs on steel import were introduced or broadened in a number of countries, following the decision by US President George W. Bush to introduce such tariffs on steel from many countries. Prices fluctuated wildly, leading to uncertainty in the international market.

3.2.1 Steel products and steel markets

Steel, however, is not one product, but several. Crude steel and recycled steel are turned into a wide variety of steel products. In this study, I refer to four major groups of steel products: slabs; hot-rolled steel; cold-rolled steel, and special steels. Slabs are an important form of semi-finished steel. Slabs can be processed further in two ways, hot-rolled and cold-rolled. Among hot-rolled steel products are coils, plates, rails, sections, channels and beams. Cold-rolled products are mainly various sheets and coils. Special steels are low-carbon and high-alloyed steels. Hot-rolled and cold-rolled steels are high value added products, while special steels frequently are niche products. All the steels mentioned here may be coated, e.g., galvanised or polymer-coated. This process, while not a part of the steel making itself, is mostly carried out at steel producing plants. Products like nuts, bolts and wires that result from further transformation of the steel are not a topic of this study.

The many steel products have different end purposes, and their own set of market and price characteristics. Tariffs introduced on some products do not always affect trade in others. Significantly, tariffs on special steels and on high value added steels influence producers in some countries to reorient themselves towards production of less advanced, semi-finished steels.

3.2.2 Steel in Russia

Russian steel producers have the advantages of a relative abundance of raw materials, especially iron ore and coke; relatively low energy prices;¹² low labour costs, and a well-educated and trained labour force. Technological backwardness, and labour-intensive production methods and plant organisation have nevertheless demanded significant investment expenses and reduced efficiency. Where investments have not been made, steel plants enjoy the temporary (and questionable) benefit of having inherited equipment that was already paid off during Soviet times.

In the period under study, steel in Russia was made by a variety of producers. They divided more or less into three categories. There were three large and integrated

¹² Energy prices are rising. Lobbying from the metals business in the 1990s did not lead to lower or discounted tariffs for energy (cf. Fortescue 1997: 94).

producers,¹³ six medium producers, and many small steel mills. The approximately thirty small mills each produced less than 500,000 tonnes of steel annually. Their capacity was below the limit of profitability, and they used outdated technologies. They continued to function due to soft budgetary constraints and implicit subsidies from local and regional governments, including disadvantageous barter deals and tax and/or energy arrears and non-payments. More often than not, they were the main employer in one-enterprise towns, and were therefore not allowed by local authorities to go bankrupt. While massive investments would be needed to increase productivity, it was uneconomic to undertake investments on this small scale (McKinsey Global Institute 1999: Steel).

Each of the six medium mills produced between 500,000 and 5 million tonnes of steel per year.¹⁴ They were often quite specialised, but struggled to compete within their market segments. The medium six wielded little clout with central authorities, but received much support from regional authorities. The holding company EvrazHolding, which controlled three medium mills,¹⁵ was increasingly referred to as a major steel company along with the three largest producers.

Most small and some medium mills received implicit subsidies from local governments. This damaged the steel industry in two ways. Firstly, medium producers interested in restructuring could be pressured by local governments to avoid layoffs. This prevented investments and restructuring in this section of the industry. Secondly, all medium and large steel producers were damaged by the un-level playing field in the market. Smaller mills were subsidised by local governments rather than closed down. Larger plants were profitable, but had to cover all their costs themselves and pay their taxes in full. As a result, domestic prices were pressured downwards.

¹³ Integrated refers to the production method. At integrated plants, there is a continuous process from raw materials to rolled steel. At non-integrated plants, the process is divided into steel making and re-rolling.

¹⁴ The medium mills are Mechel in Cheliabinsk, Nizhnetagilskii Metallurgicheskii Kombinat (NTMK) in Sverdlovsk oblast, Zapadno-Sibirskii Metallurgicheskii Kombinat (ZapSib) and Kuznetskii Metallurgicheskii Kombinat (KMK) in Novokuznetsk in Kemerovo oblast, Oskolskii Elektrometallurgicheskii Kombinat (OEMK) by Saryi Oskol in Belgorod oblast, and NOSTA in Novotroitsk, Orenburg oblast.

¹⁵ EvrazHolding controls NTMK, ZapSib and KMK, and together these three plants in 2002 produced 23 per cent of all Russian steel (Ernst & Young CIS 2003b: 4).

Three larger producers provided the bulk of Russia's steel export in the period,¹⁶ and they all produced more than 5 million tonnes a year. The larger producers operated in slightly different export markets. Severstal, located in Cherepovets, Vologda oblast, exported a diverse production range to many markets, especially the European Union. Severstal in 2002 produced 16 per cent of all Russian steel (Ernst & Young CIS 2003b: 4). Magnitogorskii Metallurgicheskii Kombinat (MMK) in Cheliabinsk oblast was also rather diverse, and oriented towards Southeast Asia without being overly dependent on one market. It produced 17 per cent of all Russian steel in 2002 (Ernst & Young CIS 2003b: 4). Novolipetskii Metallurgicheskii Kombinat (NLMK) in Lipetsk oblast in 2002 produced 14 per cent of all Russian steel (Ernst & Young CIS 2003b: 4). This was the Russian producer most dependent on the American market for export. Combined with a high value added production range, this left it vulnerable to American tariffs and quotas. However, all the three large producers were affected.

3.2.3 Russian steel export

Of all steel producing countries, Russia was the largest exporter in the period under study, except in 2002, when Japan exported more (Ernst & Young CIS 2003b: 5). In the early 1990s, demand in the Russian Federation decreased rapidly, and production contracted while export increased. In 1997, Russia exported 60 per cent of its production. The share fell to between 45 and 55 per cent at the time of writing. The industry is important to the Russian economy: In 1997, it formed 1 per cent of GDP, employed 0.7 per cent of the workforce and contributed 8 per cent of exports (McKinsey Global Institute 1999: Steel). The numbers, although not very recent,¹⁷ illustrate the centrality of export to the Russian steel industry.

In 2001, around 6 per cent of all Russian steel exports went to the United States (Novoslobodskaia 2001). From 1992 to 1998, Russian steel exports to the United States increased, and reached a record level in 1998 at 5.3-5.4 million tonnes, to the value of approximately 1.4 billion dollars (American Iron and Steel Institute 1999; Bardin 1999; Chernyshov 2001. The cited value seems to originate with MERT). In

¹⁶ Russian steel was and is exported mainly to the European Union and Southeast Asia, especially China.

¹⁷ It has proven difficult to obtain newer, reliable numbers. The steel industry may in 2002 have represented a smaller share of GDP, workforce and export, because of high prices for oil, gas, and other metals. Otherwise, there have been few changes to the industry's place in the Russian economy.

1998, steel exports provided 22 per cent of Russian hard currency earnings, while an estimated 70 per cent of all steel production was sold abroad (Rozhkova 1999).

Plummeting Russian demand and a growing import dependency in the United States caused the growth. The Asian crisis in 1998 served to redirect international steel trade towards the United States.¹⁸ Another consequence of the Asian crisis was a severe crisis in the Russian economy. When the rouble was devaluated on 17 August 1998, it fell from 6 roubles to around 24 roubles per dollar in a matter of days. Prices for Russian steel in the United States fell accordingly. The Russian steel market collapsed.

Russian exporters operate mainly in the spot market, supplying medium and small steel consuming enterprises (Edwards 2003 [interview]). This has left them vulnerable to changing tariffs and trade conditions from the US government. Also, while American steel producers form a powerful lobby, steel consumers, not least smaller ones, are a more diverse and scattered group. Because of Russia's non-membership of WTO, steel enterprises and the Russian government have to negotiate with the US government on a bilateral basis. They are deprived of international complaints mechanisms.

3.3 The 1999 bilateral steel agreements

3.3.1 Russian exporters are faced with anti-dumping accusations

Complaints from American steel producers about foreign dumping and a looming steel crisis surfaced early in 1998. The price of Russian steel began to fall in August. In late September twelve American steel producers and two steelworkers' unions filed an anti-dumping complaint against Russia and a few other countries with the American Department of Commerce. For Russia, the complaint concerned hot-rolled steel from Severstal, NLMK and MMK. Following standard procedures, anti-dumping investigations were opened on these producers on 15 October. If, in the course of the investigations, the Russian exporters were found to incur substantial losses for American producers, the Department of Commerce would enforce retroactive anti-dumping tariffs. The three Russian producers retaliated quickly: In October and

¹⁸ Before the crisis, Southeast Asia was the region in the world with highest demand for steel.

November, they placed ads in several influential American newspapers, explaining about Russia's economic situation.

The Russian producers could not approach the American investigating authority, the International Trade Commission (ITC), directly. Russia's non-market status with the United States meant that investigations and negotiations had to take place between the two countries' authorities. In February 1999, the Department of Commerce ruled preliminarily that Russian hot-rolled steel was likely to be sold in the United States for less than fair value. The Russian government suggested voluntary Russian export reductions for many different steel products not under investigation in return for a suspension of the investigation. The aim was to retain a share in the American market. At this stage, Severstal, MMK, and NLMK were invited to submit information to the investigations, along with the petitioners. After several rounds of negotiations, this led to a suspension of the anti-dumping investigation on 13 July 1999.

Meanwhile, American steel producers in June 1999 filed anti-dumping complaints against many countries, including Russia, on cold-rolled steel. The Russian Ministry of Trade again tried to negotiate for suspension of the investigation. In January 2000, the anti-dumping investigation was suspended in return for restricted market access in the United States for Russian producers.

3.3.2 *The 1999 US-Russian steel agreements*

The American side throughout the negotiations insisted that a steel accord should include different steel products. This significantly complicated matters for the Russians. What has later become known as the Steel Agreements consists of three documents: the Agreement Concerning Trade in Certain Steel Products from the Russian Federation (the General Agreement), initialled in February 1999 after the preliminary ruling, and signed in July; the Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation, also signed in July 1999, and the Suspension of Antidumping Investigation: Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation, agreed in January 2000 (Department of Commerce 1999a; 1999b; 2000, respectively).

Under the agreements, Russian steel exporters obliged themselves to restrict the amount of steel exported to the United States voluntarily over the next five years. The amounts would increase for each year. For hot-rolled steel, there was an import moratorium for the rest of 1999. In addition, hot-rolled and cold-rolled steel was subject to minimum prices. These started above the price level on the American market, and could not be adjusted by more than 10 per cent for any one period under the agreement. While the voluntary export restrictions were harsh enough, the minimum price effectively excluded Russian hot-rolled and cold-rolled steel from the United States, a seller's market at the time. As prices started to fall on the American market, the Russian producers felt the pinch acutely. According to the agreements, minimum prices were calculated for each quarter on the basis of the last quarter's prices, further slowing the fall of the minimum price. Compliance with the agreements was overseen by SEMPR, the Russian Union of Metals Exporters.

Ironically, the suspension agreement on cold-rolled steel was signed only a few weeks before the ITC found that the import of cold-rolled steel from Russia did not incur losses for American producers (Vedomosti 2000a). The Russian steel exporters now faced the question of how steel export would be regulated in the future, and what they risked if they sold cold-rolled steel below the minimum price in the suspension agreement. Would the suspension agreement still prevail, and the anti-dumping investigation be reopened? Or did the ITC's new ruling set aside the suspension agreement? How did the two suspension agreements relate to the General Agreement? After all, the US authorities had insisted on seeing the suspension agreement on hot-rolled steel and the General Agreement as part of the same package. The answers to these questions remained unclear (Vedomosti 2000b).

3.3.3 Conflicting views of the agreements among the steel exporters

In this period, the non-market status of the Russian economy with American authorities set clear conditions for relations between the three producers and Russian authorities on the issue. The producers could not approach US authorities directly, but had to go through the Russian Ministry of Trade. The producers themselves or their associations were not allowed to participate in delegations. This put them at a

disadvantage, especially as the Ministry of Trade had far fewer experts at their disposal than the American Department of Commerce and the ITC (Makeev 2000). It also seems that the Ministry of Trade was unwilling to take advice from the steel producers until the process had been going on for some time.

But the three producers also disagreed among themselves. Severstal's management prioritised to retain a market share, stable market access, and contacts. The company also further diversified its exports both in terms of steel type and geographic scope. Severstal supported the agreements, and would rather try to have them revised through negotiations than terminated through unilateral action (Prokopenko 2000a). The worst-case scenario was a re-opening of the anti-dumping investigation, as it would threaten all kinds of steel exports to the United States, as opposed to many kinds (Solov'ev 1999). Severstal had exported a broad range of products to the US before the anti-dumping investigations started (Prokopenko 2000a),¹⁹ and the suspension agreements restricted export of different products to different extents.

MMK's management was in a comparable situation to Severstal's, and it allegedly preferred the suspension agreements to complete exclusion from the American market (Prokopenko 2000b). Retaining an American market share was valuable to MMK as well. However, the company already sent the majority of its exports to Asia. As the Asian market recovered after the crisis, MMK's management had an alternative for export expansion to the American market.

NLMK's management differed in its view of the agreements. The American market was important to the company. Crucially, NLMK exported a high proportion of hot-rolled flat-rolled steel to the United States, and therefore, the suspension agreement concerning this product was especially disliked by its management (Prokopenko 2000a). NLMK's management claimed that it had been against the agreements throughout the negotiations, and criticised them after the signing. NLMK several times threatened with withdrawal from the agreements, and if other managements could not be convinced to follow, its management claimed to be prepared to do so on its own (Rozhkova 2000b).

¹⁹ According to one source, 30-33 per cent of Severstal's total export went to the US before the anti-dumping investigations begun (Solov'ev 1999).

3.3.4 Why were the agreements signed?

Why did the Russian side enter into the restrictive bilateral agreements? That two of the three producers concerned were in favour provides something of an explanation. Another important factor may have been the American insistence on linking all the affected steel products in the agreements. This raised the stakes for the Russian side, and made the alternative, a near exclusion from the US market for all processed steel, unacceptable.

It is doubtful that the advice of Severstal carried more weight than that of NLMK. Both Severstal and NLMK had prominent businessmen as general directors, both of whom were included at President Putin's July 2000 roundtable with major industrialists and businessmen.

The general director of NLMK, Vladimir Lisin, accused the Ministry of Trade of passivity and disability to protect Russian economic interests (Makeev 2000). According to Aleksei Mordashov, general director of Severstal, it was not for a lack of consultation between the authorities and the enterprise managements that the agreements were signed. Quite the opposite—at least in the late phase of the negotiations, when the agreements were being finalised, the Ministry of Trade and the enterprise directors were in continuous contact. Still, he did not deny that the Russian authorities could have been more active (Prokopenko 2000b).

Across the industry, the wish to remain in the American market was coupled with fear of a domino effect in other markets. Anti-dumping accusations and protectionist measures often spread among the major steel-importing states. Nevertheless the steel managers were discontented with the disadvantageous agreements.

On the government side, the understaffed Russian Ministry of Trade had met a tough counterpart in the negotiations. Understaffing may have been partly to blame for their failure to acquire good terms for Russian steel import (Makeev 2000). Priorities could also have complicated their task. It seems that a priority for the Russian side was to maintain a good relationship with the United States on this issue. This could have led to the idea that it was better to give up a little in trade, to show willingness to compromise. But softness gave small returns.

3.4 After the agreements

3.4.1 Domestic problems

After the agreements had been signed, other problems came to the fore. The question of securing the small domestic market was more important than the distant American market (Rozhkova 2000a). This was a problem with several dimensions: the steel producers wanted the domestic market to grow; they faced stiff competition from Ukraine and Kazakhstan, and the import of scrap steel for recycling also took a considerable share of the market for new steel. In 1999, the government introduced a 30 per cent import duty on scrap steel, which was just what the steel producers wanted. This import duty led to a shortage of scrap steel in Russia.

A certain level of intra-industry controversy affected the steel business negatively in this period. A main source of discussion and positioning towards the authorities was the location of a new mill for making linepipe²⁰ for Gazprom, the Russian gas corporation (Prokopenko 2000b). The potential of such a mill was not lost on any of the large steel producers.

3.4.2 Renewed action towards the United States

But the American market continued to be a sore point. Steel prices in the United States continued to fall, but they still remained above the level of the rest of the world. The minimum prices set by the suspension agreements made the Russian producers unable to sell their steel. In July 2000, they wanted the agreements from 1999 renegotiated. At the least, they wanted to change the mechanism for establishing a minimum price, especially for hot-rolled steel. The Ministry for Economic Development and Trade (MERT), into which the old Ministry of Trade had been incorporated in May, approached the American Department of Commerce. NLMK contemplated withdrawal from the agreements if this did not succeed (Rozhkova 2000b). The Department of Commerce suggested that consultations be carried forward to September, to give MERT more time to prepare, and also because the American authorities were unsure about who was their counterpart. As many posts remained

²⁰ When welded together and coated, linepipe sections become pipeline.

unfilled in MERT's staff, the suggestion was fair enough, and the Russian authorities accepted it.

When a Russian delegation finally set out for Washington, D.C., in September, representatives of the major Russian steel producers were included in the delegation as experts (Prokopenko 2000c). The consultations did not give any positive result for the Russian side. The Americans merely received the Russian suggestions and claimed to need two weeks to review them. It was clear that no answer would come until after the forthcoming American presidential elections (Prokopenko 2000d).

3.4.3 Meetings and plans

Meanwhile, relations between the industry and MERT were becoming closer. Trying to avoid past mistakes, the steel leaders and MERT representatives worked out a plan of how to meet anti-dumping investigations in the future. They also contemplated whether the Russian metals sector could be recognised as a market sector by the American trade authorities, in spite of the Russian economy retaining a non-market status (Kaika 2000a). Maksim Medvedkov, the responsible deputy minister in MERT, took an active role. He held meetings with representatives of the steel industry together with the Metallurgical Department of the Industry Ministry. This included a joint meeting in November, preceding a visit to Brussels and Paris for steel discussions with the United States and the European Union (Prokopenko 2000e). He also included some representatives of the steel industry in his delegation for this trip. The discussions, however, gave no result (Kaika 2000b).

New meetings between MERT, the Industry Ministry and the steel leaders followed in December (Prokopenko 2000f). It was agreed to terminate the steel agreements unilaterally, at least the General Agreement, unless the American side agreed to the suggested changes to them before Christmas. A decision was to be made in January.

On 11 January 2001, Medvedkov met with the steel leaders at MERT. Not only were the leaders of the Big Three there, representatives of the Medium Six were present as well. After all, the steel agreements affected all exporters. Most of them were in favour of terminating the General Agreement, but Severstal again spoke out against. The argument was that new anti-dumping investigations would follow in case

of termination. American producers would, according to this reasoning, be eager to make the most of any change to the status quo. Also, Severstal proposed that Russia should try its luck with the new American administration. NLMK's deputy general director Andrei Petrosian doubted this, as George W. Bush's administration reportedly was even more protectionist than Clinton's administration had been (Prokopenko 2001). With such disagreement among the steel exporters, the Russian government could not be convinced into action. Medvedkov was clearly in favour of some sort of renegotiation of the steel agreements, but how this was to happen remained unclear.

Andrei Petrosian proved right. In June, President Bush requested the International Trade Commission to start anti-dumping investigations on steel against several countries, including Russia (Overchenko 2001). In July, the issue was discussed at a high level, when Security Advisor Condoleezza Rice, Trade Secretary Donald Evans, and Treasury Secretary Paul O'Neill came to Moscow. Donald Evans met with German Gref, the Russian minister for economic development and trade, in October. As for the question of steel import, these meetings were inconclusive.

3.4.4 American producers target imports again

In October 2001, four major American steel producers again asked for countervailing import duties at 150 per cent for steel from several countries, including Russia. Later the same month, the ITC concluded that import from Russia and other countries did harm American producers, although dumping was not mentioned. The ITC's work now concentrated on measures to be taken (Vlasova and Sas 2001). Towards the end of 2001, it became clear that the United States would again introduce high import duties, and perhaps quotas, to protect its domestic producers from foreign competition. At the same time, international talks about voluntary steel production reductions were held in Paris under OECD's aegis. The talks were made more difficult by the ITC's decision (Vinogradov and Rozhkova 2001). In January, a Department of Commerce delegation toured steel exporting countries to try to work out an international crisis agreement on steel. The tour, like the Paris talks, resulted in feeble promises from many states to reduce steel production somewhat.²¹ There was by now

²¹ Most notably Japan, where the economic contraction made this a virtue of necessity.

considerable uncertainty in the world steel market surrounding the possibility of a coming trade war on steel (Polit.ru 2001).

3.4.5 Efforts to achieve market status for the metallurgical branch

The major Russian steel producers knew that protectionist measures were coming. In late 2001, they applied for market status for the metallurgical branch of the Russian economy with the American Department of Commerce. This seemed to be intended to give some protection from American protectionism. A decision was awaited in May (Ivanov 2002a). This move had MERT's approval: as noted above, it had been on the agenda between the state and the industry for some time. American steel companies sent their arguments against market status to the Russian metallurgical branch to the US Department of Commerce in January. The Russian trade representative in Washington D.C. recommended that the Russian government use the opportunity to file official counter-arguments. The government chose not to do so. However, MMK, NLMK and Severstal filed a letter with counter-arguments (Metallosnabzhenie i sbyt 2002a).

3.5 Safeguard measures

The Russian government was informed informally about impending increases in US steel tariffs in mid-February, when Prime Minister Mikhail Kasianov visited Washington. The Russian side had apparently been hoping for an exception for Russian producers, pointing to the steel agreements from 1999 and the US-Russian Trade Treaty from 1990. Such exceptions would be granted to steel producers from Mexico, Canada, Israel and Jordan: countries with which the United States had farther-reaching trade agreements and treaties than Russia. Exceptions were also made for some smaller steel producing countries (Kaika 2002a; Butrin, Ivanov and Kotrelev 2002). However, as the 1999 Russian-US steel agreements covered anti-dumping investigations only, and not general protectionism, they could not protect the Russians from the impending tariffs. On the other hand, had the American authorities wanted to, they could have interpreted the agreements differently. That they included Russian steel in their actions disappointed and surprised Russian authorities.

Maksim Medvedkov travelled to Washington directly after the Russian government received the information, but his efforts to achieve any kind of better terms for Russian steel failed. According to some observers, this was because there were no possible retaliatory measures to use as a stick, owing to the government's soft position on the issue (Melikova 2002a). German Gref's comment, "We are without defence", reflected Russia's lack of a market economy status with the American authorities (Melikova 2002a). The Russian steel exporters as their last resort sent a letter to President Putin, asking him to discuss the topic with his American colleague (Melikova 2002a; Afonin and Pechik 2003 [interview]). Bush had the final word on the issue, and was expected to announce his decision by 6 March.

On 5 March 2002, President Bush issued a proclamation on steel (President 2002). This proclamation introduced import duties ranging from 8 to 30 per cent, lasting for 3 years and one day, for most steel products. There were some exceptions, mostly for special steels. Other products were from 20 March 2002 subject to tariff-rate quotas, meaning that the new duties were imposed only for imports that exceeded a new set of import quotas. The duties, which for most of the affected products were close to 30 per cent, and the quotas, were imposed as safeguard measures. A safeguard measure is a measure that, according to WTO regulations, can be imposed in an emergency, to protect a domestic industry from serious injury, or from threat of serious injury, when this is caused by increased imports from all sources.

3.5.1 Losses and reactions

Estimates of Russian losses were in the area of 300 to 500 million US dollars a year.²² Russian reactions came as it became known that safeguard measures would be introduced, and after the introduction as well. The issue of retaliatory measures entered the debate already in February, but became especially important after 5 March. There were calls for retaliatory measures from Duma politicians and the media. The steel producers' comments to the press were mainly about estimated losses and general problems and outlooks in the metallurgic sector. However, some calls for retaliatory measures also came from the steel producers. Aleksei Mordashov on 6 March

²² Some publications cite larger numbers, without referring to sources.

demanded that the Russian government remove steel export duties, and that the government should “find adequate measures” (Skorobogat’ko 2002). This was the demand from major lobby groups and associations as well. For example, RSPP and the Chamber of Commerce and Industry (TPPRF) officially announced that the Russian government should find counter-measures on 6 March (RSPP and TPPRF 2002). This was also the demand of the steel workers’ trade union, which demanded a consumer boycott of American chicken quarters (Goshchinskii 2003 [interview]).

3.5.2 A trade war over steel and poultry?

Many observers viewed the import ban on American poultry, announced 1 March but effective from 10 March, as a retaliatory measure. The Russian government on several occasions denied that there was any connection (e.g., RTR-Vesti.ru 2002a). Some saw it as a deliberate retaliatory measure (Vedomosti 2002a; Sivakov 2002). There were also allegations that it had been lobbied through by the prominent steel leader Vladimir Lisin (Vardul’ 2002). The opinion that the two questions were linked was shared by the afflicted American parties (Davleev 2003 [interview]), and by American authorities as well. This, in turn, was viewed as a step of confrontation by the Russian authorities (RTR-Vesti.ru 2002b), especially when the issue of American support for Russian WTO entry was drawn into the picture (Melikova 2002b). Others regarded the import ban as a possible negotiation card that was played too early by the Russian Ministry of Agriculture, displaying the uncoordinated nature of Russian trade policy (Vedomosti 2002a).

The trade war over chicken and steel, as it was called in the Russian media, certainly served to attract attention to the problems of both steel producers and poultry producers. Indirectly, this may have served the steel producers well—as the president of the Russian Union of Metal Exporters smilingly phrased it,

“Unfortunately, the state is far from being perfect. Our market was open, now it is closed to Ukrainian and Kazakh steel. The chicken legs were not used [as a retaliatory measure], but these chicken legs brought the question to the highest political level. (...) We just turned the President’s attention to the problems of steel export—what the Presidential Administration thought out afterwards is their issue. Nothing of that came from our side.” (Afonin in Afonin and Pechik 2003 [interview]).

3.6 Russian steel producers react

3.6.1 Efforts to protect domestic markets

The Russian steel producers concentrated on issues and areas where the Russian government could do something. One such area was steel export to Russia from Ukraine and Kazakhstan, against which MERT had initiated anti-dumping investigations in the autumn. The steel producers on 7 March asked MERT to introduce protective duties at above 40 per cent against some Ukrainian and Kazakh steels (Kaika 2002b; Vedomosti 2002b). In a meeting a few days later, the Commission for Protective Measures in Foreign Trade recommended that the government introduce from 21-36.9 per cent special import and anti-dumping duties on some Ukrainian and Kazakh steels for four months, as well as lift the 5 per cent export duties on steel from Russia (Smirnov 2002; Kaika 2002c). Two major goals of the steel producers were closer to being carried out than they had been before. Both the proposed measures would benefit several producers, not just the three large ones. And although the steel producers had asked for even higher duties to be introduced against Ukrainian and Kazakh steel, they were openly pleased with the speed with which their request had been treated (Kaika 2002c).

3.6.2 Renewed unity among the large steel producers

Clearly, the visible and sudden change of market conditions for the Russian steel business pushed its problems forward on the political agenda. This may also have been connected to new and better relations among the major steel enterprises and their leaders. Relations had not been altogether bad. According to one observer, there is not much rivalry in the steel business (Edwards 2003 [interview]). Still, during 2001, NLMK and EvrazHolding often aligned against MMK and Severstal.²³ The four largest holdings in the Russian steel business had partly competing, partly reconcilable strategic interests. As a result, relations between them became increasingly complex in 2001. Now, however, the external threat brought them closer on some issues.

²³ In 2003, this changed, as EvrazHolding and Severstal seemed closer to broad cooperation, while NLMK and MMK planned a possible merger.

In a press conference on 19 March, the four steel leaders laid out their demands, veiled as expectations, to the Russian government. They demanded the termination of export duties; quotas and import duties for Ukrainian and Kazakh steel; that unprofitable steel enterprises should not be allowed to continue business, and negotiations to exclude Russia from the list of countries to which the United States applied the new special duties. The new factor here was not the demands themselves, nor the fact that they came from the steel producers. Instead, the joint press conference served to underline the gravity and urgency of the situation. As this was shortly after the meeting of the Commission for Protective Measures in Foreign Trade, they emphasised that they appreciated its recommendations, but were impatient to see them carried out. While accusing the government of inertia, they were eager to emphasise their loyalty to the same government (Butrin 2002). It appears that the four leaders wanted to take advantage of the attention the steel business had at the moment, to increase pressure on the government, and to underline the fact that these demands were unanimous. At the same time, they were afraid of appearing disloyal. They eagerly denied that they had political motives.

3.6.3 A background of passivity

The issue of protectionism against Russian steel export, whether through anti-dumping procedures or otherwise, had been put firmly on the agenda during February and March 2002, in an unprecedented manner. In fact, such protectionism was a well-known problem to Russian steel producers in the 1990s as well, and it is puzzling that it took so long to attract attention. It may be connected to another puzzling feature: Russian steel companies faced with anti-dumping charges in different countries were rather unwilling to take up the fight, trying instead to avoid investigation altogether through negotiation for quotas. This had, in turn, lead to many lost cases for Russian steel exporters when negotiations failed (Ivanov 2002a). It also made them dependent on the Russian negotiators in charge when they were faced with counterparts that had not awarded them market status. Altogether, it seemed they had been too passive (Ivanov 2002b). Examples of such passivity exist also in other Russian industries; for example, Lehmanbruch (2001: 162-163) cites an example from paper export to India.

3.6.4 Unilateral termination of the General Agreement

State actors too had shaken off their former passivity. This had been a problem with the old Ministry of Trade, more than anyone else. MERT was more active in promoting and supporting Russian steel interests abroad. Now, the steel business's renewed attention to export terms met with broader government activity towards the steel business. First, German Gref went to Washington on 15 April, both to try to achieve better terms for Russian steel, and with an approach to return American chicken to the Russian market. He was also ready to threaten Russian unilateral termination of the 1999 General Agreement on steel (Sas 2002a; 2002b). The US International Trade Commission had just a few days previously ruled that Russian cold-rolled steel was a threat to American producers: 100 per cent import duties would be levied from 26 April. This was on top of the duties imposed in March.

The negotiations did not give any significant result. The Americans reserved 25 per cent of the steel slab import quota exempted from special duties, for Russian slabs. The overall quota was also increased. This decision appears to have been made in late March, and announced during the visit (Blinov 2002). It was not an act of compensation towards Russian steel producers. Rather, it reflected that American production could not satisfy the demand for slabs in its domestic market.

As Gref went back to Moscow, he had already informed the Americans that the Russians would terminate the General Agreement (Sas 2002c). His deputy, Maksim Medvedkov, in mid-May stated that Russia would terminate the General Agreement no matter what would then happen to the suspension agreement on hot-rolled steel. However, the four major steel leaders reconsidered their interests, and in a letter to Gref warned against terminating the General Agreement. This came the week after Medvedkov's statement (Kaika 2002e). The reason for the turn-about was again the fear that with a termination of the General Agreement, the suspension agreement on hot-rolled steel would automatically be invalidated. This would leave Russian steel producers exposed to dumping charges from American producers (Kaika 2002e). In addition, prices for hot-rolled steel were rising, making the terms of the latter agreement more bearable (Vedomosti 2002c).

The termination process was halted. The four major steel producers became unpopular with others in the industry, who exported steels other than hot-rolled to the US. Aleksei Ivanushkin, chairman of Mechel, later in the year cited this as an example of the Russian authorities listening only to the three largest steel producers when deciding on issues important to the steel business in general (Auzan 2002). The Mechel management would later in the year delay the process of distributing steel export quotas between Russian exporters for this reason, as will be discussed below. The steel leaders' inability to compromise on the issue of termination may also have served to reduce support of their interests on the part of MERT.

3.6.5 A government programme for industry development

However, German Gref's journey to Washington was not the government's only effort to meet the steel producers' demands. By mid-May, the Mining and Metallurgical Union and the People's Deputy faction in the Duma had supported these demands. The Industry Ministry in April started to prepare a government programme for development of the ferro-metallurgical sector. To influence the programme, the Union of Industrialists and Entrepreneurs submitted an analysis of measures needed to preserve Russian steel producers' competitiveness (RSPP 2002). The programme project was discussed in a cabinet meeting on 16 May. The programme had been pushed upwards on the agenda. All the major steel producers were present at the cabinet meeting, and expressed their opinions both during it and afterwards.

The programme, in this first version prepared by the Industry Ministry, was apparently in accord with the steel makers' demands. To a considerable extent, it reflected the RSPP's analysis as well. Unprofitable enterprises should be declared bankrupt, the domestic market should be developed, Ukrainian steel should become subject to import restrictions,²⁴ and the environment tax and some tariffs, like the one on energy, should be reduced for metallurgical enterprises (Minpromnauki 2002a; Netroba 2002b). Although it was based on their own demands, the steel producers declared that they were not satisfied with the programme. Their main objection was that it was not detailed enough. Although it received the cabinet's endorsement, it was

²⁴ Kazakh steel was far less likely to be subject to such measures, as this would violate agreements on free trade between the two countries.

returned to the Industry Ministry for elaboration and details. This could change the programme significantly. Disagreements within the cabinet during the session made this more likely. Some criticism also accused this of being too little, too late—the business had asked for it more than a year earlier (Arabov 2002a).

3.6.6 *Declarations of government support are followed up*

Meanwhile, it took considerable time to carry out earlier promises. The termination of the steel export tax met with severe resistance from the Ministry of Finances (Kaika 2002d). This resistance was overcome only by joint efforts from Aleksei Mordashov of Severstal and German Gref (Netreba 2002a). It was further delayed on its way through the government by objections from Prime Minister Mikhail Kasianov, and was not made effective until 1 July.

The long-awaited and newly (re-)promised restrictions on Ukrainian and Kazakh steel imports were also slow to appear. The steel leaders raised the issue again in a letter to Prime Minister Kasianov (Metallosnabzhenie i sbyt 2002b). Only from 1 August did 31-37 per cent import duties on galvanised steel come into function (Kuz'min 2002; Kaika and Simakov 2002).²⁵ A previously initiated anti-dumping process against steel bars from the same countries was also proceeding, but very slowly. Duties proposed for other steels were not put into action, but minimum prices were imposed. All in all, the government's apparent new attention to the steel business was slow to give substantial results.

3.7 Russia is designated a market economy

A domino effect of the American decision on the world steel market, of which experts and the steel business had been warning since March, led to market protection not only in Russia. In May, China as well introduced quotas for Russian steel (Orlov 2002). The problems for Russian steel producers seemed more acute than ever, as China was a very important market.

President Bush visited Moscow and St. Petersburg on 23-26 May. Many observers expected him to announce during the summit that the United States recognised Russia

²⁵ These duties were substantially lowered already at the end of 2002 (MERT 2003).

as a market economy, but this did not happen. However, the issues of steel and poultry were discussed between the two presidents, underlining the importance they had acquired in the bilateral relationship. On 6 June, the crucial announcement came from the US Department of Commerce's Import Administration: Russia was designated a market economy retroactively from 1 April. This was one week after a similar announcement had been made by the European Union.

The designation as a market economy gave Russian steel exporters far better opportunities to defend their interests against American authorities and steel producers directly, as they no longer had to go through Russian authorities in negotiations and anti-dumping investigations. Also, the new designation meant that American authorities no longer regarded Russian companies as implicitly subsidised by the state. This would strengthen the Russian case when faced with charges of dumping, because the Americans would have to use actual Russian price data when determining whether Russian goods were sold in the United States at unfairly low prices. Until now, the Americans had estimated what the price would have been in a market economy. On the other hand, the change of designation could mean a larger number of investigations and countervailing duty cases, because overtly subsidised Russian products were now always subject to countervailing duties in the United States.

Russian steel producers were not slow to ask for an agreement to escape the anti-dumping duties that the United States had threatened to impose on cold-rolled steel from April. Severstal, MMK and NLMK first met the Department of Commerce in mid-June. On the first issue, documentation required by the American authorities, the negotiations ended with a result that favoured the Russian enterprises. This documentation would be used to establish the cost levels of the enterprises, and accordingly, the minimum price on the American market (Arabov 2002b). The Russian producers wanted documentation to be given every six months, and not every three months, as the Department of Commerce would like. In the end, they agreed on every six months.

In September, the negotiations ended in a draft agreement about Russian sales of cold-rolled steel for the next five years (Department of Commerce 2002). After a

moratorium of nine months, beginning on 1 January 2003, imports would increase every year. Many of the technicalities and requirements to documentation and inspections were clearly the ones favoured by the Russian producers (Simakov and Neimysheva 2002; Simakov 2002c).

The cold-rolled steel agreement from September became obsolete already in October. The anti-dumping investigation ended with the decision that cold-rolled steel was not dumped on the American market (Simakov 2002d). But the experience of negotiating an agreement directly with the American authorities had shown the three large Russian steel producers that they could manage on their own. Similar direct negotiations soon followed on hot-rolled thick plate between the American authorities, Severstal, MMK and the medium steel producer NOSTA. The resulting agreement was very similar to that on cold-rolled steel (Metallosnabzhenie i sbyt 2002g).

Certainly, conditions for Russian steel on the US market were becoming better every day. Some of the steel products that had originally been subjected to the safeguard measures in March were excluded from the list as domestic American production failed to meet demand. Between April and September, this applied to more than 178 steel types (Strana.ru 2002). In addition, overall quotas for slabs were increased several times during 2002 and 2003, meaning that increasing volumes of slabs were exempted from the high duties. In November 2002, specific Russian quotas for slabs were increased in an amendment to the General Agreement.

3.8 Developments in Russia after the market economy status

3.8.1 *The government programme*

The Industry Ministry had prepared the second version of the programme for development of the metallurgical industry by early July (Minpromnauki 2002b). The emphasis on closing down ineffective, obsolete and unprofitable enterprises, a priority of the ministry, was even more pronounced than in the first version. Andrei Petrosian from NLMK accused the new programme of being too general, and not geared towards grappling with the real problems of the steel business (Simakov 2002a).

The Prime Minister approved the programme on 5 September. The two months that had passed since the Industry Ministry finished its second version had been used to change the programme substantially. It had become much shorter, and far less specific. The emphasis on closing down obsolete mills, like those with open-hearth furnaces, was gone. This was now one of many goals, and how it was to be achieved remained unclear (Metallosnabzhenie i sbyt 2002c). One new goal was included: to strengthen anti-monopoly control in the metal market (Pravitel'stvo RF 2002). A price rise on automobile steel imposed simultaneously by the three major producers on 1 July was probably to a reason for including this in the programme. The three producers had been accused of price cooperation, and had come under investigation by the Ministry for Anti-Monopoly Policies (Rozhkova 2002a; Simakov 2002b; Vedomosti 2002d).

3.8.2 The quota controversy

From July to November 2002, the issue of how export quotas to the European Union and United States were to be distributed between Russian exporters created much controversy among the steel producers. It started when MMK asked for a 30 per cent increase to its EU quota in June (Metallosnabzhenie i sbyt 2002d). This spurred disagreement between MERT and the Industry Ministry. MERT as an answer proposed a new mechanism for quota allotment in general, based on a set formula that favoured the larger exporters. Previously, quotas had been recommended by SEMPR to the Industry Ministry, on the basis of deliveries in previous years. Now MERT officials wanted to exclude the "human factor" (Kaika 2002f). In the following controversies, the Industry Ministry and MMK (which could more easily gain 30 per cent under the old quota system) aligned against MERT, NLMK and Severstal (these two enterprises would fare well with the new methods). Finally, the issue of 2002 quotas was settled within the framework of SEMPR, using both old and the new methods (Rozhkova 2002b).

However, the controversy continued as the quota system from 2003 onwards became the source of even more discussion. When SEMPR, under the aegis of which the quota question again was solved, proposed a new mechanism in September, Mechel's representative dissented. His disagreement was not as much rooted in the

actual proposal, as in discontent with the 1999 steel agreements with the United States. He openly complained that Mechel leadership's opinion had not been taken into account when the Russian side after all did not terminate the General Agreement on Steel in May (Metallosnabzhenie i sbyt 2002d).

Because of the dissent, Medvedkov in November proposed that quotas be auctioned off, much to the chagrin of all the steel producers and the Industry Ministry (Metallosnabzhenie i sbyt 2002e).²⁶ In the end, Mechel gave in, but the controversy had exposed how difficult it was to reconcile the various steel business interests (Metallosnabzhenie i sbyt 2002f).

3.9 Developments in 2003

Throughout 2003, Russian and American authorities kept signing agreements about increasing slab quotas for Russian producers. The General Agreement and the suspension agreement on hot-rolled steel expired in July 2003. This did not make much of a difference to Russian producers for many of the steels they exported to the United States, as several of the safeguard measures from March 2002 remained in force.

Many of the countries that were subject to the safeguard measures were also members of the WTO, and some of these countries complained to the WTO in June 2002.²⁷ The complaints, and the consistency of the safeguard measures introduced by the US administration with WTO regulations, were reviewed in a panel, according to WTO procedures for such complaints. The panel found in favour of the plaintiffs in July 2002. The United States submitted an appeal, but the WTO Appellate Body in November 2003 again found in favour of the plaintiffs. This eventually influenced the US presidential administration to withdraw the safeguard measures in December 2003.

²⁶ This would be expensive for the steel producers. Auctions are a measure of last resort in export (as well as import) policy. They do not promote transparency, and give better opportunities for unfair practice. Auctions are against WTO recommendations.

²⁷ The plaintiffs were the European Union, Japan, South Korea, China, Norway, Switzerland, New Zealand, and Brazil.

Russian government policy on the steel business in general in 2003 seemed to develop towards more assistance and support in export markets, but not more outright protection of the domestic market (e.g., *Promyshlennyyi ezhenedel'nik* 2003).

3.10 This case in light of the core question

The analysis is divided into three parts. First, I describe the network in the case. Next, I discuss how one may understand the steel case in light of the models outlined in the theoretical chapter. And lastly, I discuss factors that may have influenced changes in the network.

3.10.1 *The network in this case*

Actors

Who were the actors? In this case, there were several business actors, and some state actors. On the government side, the Ministry of Trade was replaced by MERT in May 2000. MERT was one of the most central state actors in the case. MERT's Department of Trade Policy and Multilateral Negotiations was in charge of the bilateral negotiations, and Deputy Minister Maksim Medvedkov was responsible from MERT's leadership. Medvedkov took an interest in the case, and worked hard during negotiations. Medvedkov also seemed to coordinate some aspects of steel policy in the period. German Gref assumed responsibility at the cabinet level. At times, he also participated in negotiations with the United States. A general conclusion is that MERT was more active in both bilateral negotiations and in general policy issues than the earlier Ministry of Trade had been.

The main actor on overall steel policy was the Industry Ministry's Department of Metallurgy. The department's head, Andrei Deineko, and Deputy Head Vladimir Lavrishchev, were quite active and often issued public statements. The department had responsibility for policy-making and coordination for the steel business. It worked out the government programme, and the Industry Ministry alone developed the second version of the programme. In addition to ties with steel enterprises and business associations as well as state agencies, the Department of Metallurgy also consulted the Coordination Council for the Metallurgical Complex, which is discussed below. The

most visible representative of the Industry Ministry's political leadership was the deputy industry minister responsible for metallurgy, Sergei Mitin.

Among the less central state actors, the Commission for Protective Measures in Foreign Trade was important to the steel business' efforts to reduce imports from Ukraine and Kazakhstan. The commission coordinated trade policy implementation at cabinet level, and amended import regulation and taxation. It had members from several ministries, including Finance Minister Aleksei Kudrin. Kudrin and Gref were the commission's co-chairs.

The cabinet itself became directly involved in the case when it came to the government programme for development of the metallurgical industry. Prime Minister Kasianov stood out as rather important here. Kasianov allowed the Ministry for Anti-Monopoly Policies and other government agencies to influence the programme's final version, and he took an active interest in the contents of the programme (Simakov 2002b). However, the cabinet cannot be seen as a part of the steel network.

The most visible business actors in the case were the enterprises Severstal, MMK, and NLMK, or more precisely, their managements. EvrazHolding became increasingly important in 2001-2002. At times, it seemed that only these three or four enterprise managements had access to the state actors in the case. On the one hand, Severstal, MMK and NLMK were the enterprises that were accused of dumping steel on the American market in the first place. This was connected with their being by far the most important exporters. Therefore, they were asked for advice, and had more contact with Russian authorities on the matter. On the other hand, the 1999 agreements were binding also for other enterprises that exported steel to the United States. This was the background on which Mechel's management accused the authorities of taking into account only the advice of the major three steel producers.

Did the influence of the major three approximate a representational monopoly in the case? There was no formal representational monopoly. But as far as the authorities only asked for the advice of the major three enterprise managements, while agreements affected other enterprises as well, there was in effect limited representation of business interests. Other managements may have been asked to contribute, but

chosen not to, preferring instead to be free riders on the major three's efforts and expenses. In any event, the effect was a narrower interest representation.

At times, for example when Medvedkov met with the steel leaders to discuss possible termination of the General Agreement in January 2001, it seemed that participation from the medium six steel producers was required more for purposes of legitimation and wider consultation, than negotiation and cooperation. This changed towards the end of 2001, when EvrazHolding started to participate more. Mechel's dissent on the steel quotas in the second half of 2002 may from this point of view have been a bid to be included among the more important participants.

This does not mean that the three or four major steel leaders always acted together, or according to common interests. They disagreed just as often. As mentioned, common political and strategic interests in 2001 led to an alignment of sorts between NLMK and EvrazHolding on one side, and MMK and Severstal on the other. The dire conditions on steel markets in Russia and abroad united them at certain times in 2001 and 2002. Steel export to the United States, and also to the European Union, provided them with some points of shared interests, and there were also other issues, like WTO accession and the government programme for metallurgy. However, the major steel business actors frequently disagreed. But with all their disagreements, they functioned in the network as an informal and imperfect representational monopoly.

SEMPR, the Union of Metals Exporters, was also an actor in the network. This was the business association for steel exporters. Its members in the steel business represented 90 per cent of total Russian steel production. SEMPR most importantly allotted export quotas, and in this capacity it was in contact with its members as well as state agencies. Its premises were often the venue for the steel exporters' meetings.²⁸ At the first glance, SEMPR was a business actor. On closer investigation, it appears to have been more of a broker that mediated contacts. It seems that membership of SEMPR brought steel producers one more channel for presenting interests to state agencies, more than an arena for pursuing collective interests. In fact, SEMPR channelled access to a wide variety of state institutions. It forwarded experts to the

²⁸ A premium piece of real estate in central Moscow, the House of Metallurgists previously housed the Soviet Ministry of Metallurgy, later the Russian Federation's Committee for Metallurgy.

Duma Committees on Industry, Construction, Science and Technology, and on Economic Policy and Enterprise. Serafim Afonin,²⁹ the president of SEMPR, chaired the Coordination Council of the Metallurgical Complex, which channelled access to the Industry Ministry. It seems that SEMPR as a channel for business to state agencies mediated first and foremost the interests of the major steel producers, as the medium and small producers participated less. However, it is hard to say whether this reflected the major producers' export interests, or whether the smaller producers were left out on purpose.

It is also important that the Mining and Metallurgical Union (GMPR) was not a member of this network. GMPR was a relatively influential union in the Russian context. During the period under study, it pursued a varied strategy of demonstrations, calls for boycotts, and letters to influence Russian authorities to support Russian steel export. At no point did it participate in the network that formed to manage this issue.

Functions

What did the actors do? On this dimension, the network developed in the period under study. During the negotiations with the US authorities in 1999, there was little contact initially between the Ministry of Trade and business actors. The Ministry of Trade did not consult the affected businesses, and the business leaders complained of little support. They did not participate in delegations to the bilateral negotiations. Of course, the non-market economy status of Russia meant that business representatives were not formally allowed to participate. But business representatives could have been informally included in delegations as consultants, even more so as the Ministry of Trade was severely understaffed. There was more consultation between state and business towards the end of the negotiations, at least according to Aleksei Mordashov.

This situation changed during 2000. That summer, the three major steel producers contacted the new ministry in charge of the process, MERT, with the object of starting a renegotiation process for the bilateral agreements. The ministry swiftly reacted to the request. This became the start of another phase in the state-business relationship. Now

²⁹ Afonin was chairman of the Russian Federation's Committee for Metallurgy from 1993 to 1996 (Fortescue 1997), and became president of SEMPR in 1997. In 1996, the state committees were subsumed into the Ministry of Industry. Their functions were in April 1998 taken over by the new Ministry of Industry and Trade. Following more reorganisations in 1999, the Industry Ministry was created in May 2000.

the business actors had access to MERT, and were included in delegations to the bilateral negotiations in September 2000. There were continuous consultation and numerous meetings between these actors, and several instances of strategy development in cooperation between state and business. This applied to the strategy for achieving renegotiation, and the strategy for meeting anti-dumping investigations in the future. In late 2000 and early 2001, these actors discussed whether to pursue unilateral termination of the General Agreement. Following this, they in 2001 developed a strategy for applying for market sector status of the metallurgical branch of the Russian economy with the US authorities.

However, after Russia was designated a market economy by American authorities in June 2002, the Russian exporters approached the relevant US agencies directly, without consulting Russian authorities. State-business cooperation, until then indispensable for attaining any result in bilateral negotiations, became superfluous. This meant that the network became less important: it lost some of its functions.

Quite a few functions were still carried out in the network. SEMPR remained in charge of some implementation tasks and coordination functions in steel export. First and foremost, this was the distribution of export quotas among exporters. SEMPR also monitored compliance with the quota restrictions. Both these tasks implied a delegation of public authority to SEMPR. Indeed, it could well be a holdover from the time when the Committee for Metallurgy carried out these tasks under Afonin's chairmanship. These functions were present throughout the case. SEMPR was especially important during the quota controversy, which it worked actively to settle with a new principle for distributing the quotas.

Structure

How was the state-business network structured? On this dimension as well, there was development in the network. Membership was not constant. The Ministry of Trade was incorporated into MERT in May 2000. EvrazHolding became a participant in the second half of 2001. This was not a large network, and as previously discussed, there was a tendency towards limited representation on the business side. This was supplemented by brokerage provided by SEMPR. The boundaries of the network

accordingly seemed closed. The second half of 2002 may have brought more flexibility into network membership.

Nevertheless, the most obvious change in the network structure occurred from 1999 to 2000. The frequency of interaction between the state and the business actors increased: meetings became more regular. As business actors were included in delegations, the duration of interaction necessarily increased. The content changed, as described above under functions.

The network seemed to be linked by horizontal consultation, and increasingly so. For example, the important inclusion of business representatives into delegations for bilateral negotiation indicated that the relationship became more horizontal than in a strictly hierarchical relationship. Consultation between state and business actors before, but not during negotiations, as was the case in early 1999, indicated a more hierarchical relationship. And further, in the process of working out a plan to have the General Agreement renegotiated the actors seemed to consult each other horizontally. However, interlocking leaderships, like for example the widespread participation of SEMPR's president, Serafim Afonin, point towards a more hierarchical system. It is therefore difficult to draw conclusions on this issue. It could be that within the sector in general, actors interacted in a hierarchical way; while between the most central actors from the major enterprises and ministries, interaction was more horizontal.

Actors were also linked by multiple relations. For example, according to standard procedures, the Industry Ministry was supposed to be in charge of contact with steel business actors, while MERT should keep enterprise directors updated mainly through the Industry Ministry. However, some business actors were informed directly of developments by MERT, and these enterprise directors kept in closer contact with MERT than others. Sometimes they also received information earlier than those who were informed through official letters only (Zaitseva 2003 [interview]).

There were multiple channels of access. Some contact was channelled through MERT's Trade and Economic Council, where SEMPR President Afonin held the deputy chairmanship. Another example is the Coordination Council for the Metallurgical Complex, which consisted of the main general directors of the larger

Russian metallurgical enterprises, and a few leaders of research institutions.³⁰ This council met with Industry Ministry officials at regular intervals, but apparently not more than one or two times a year. The council appeared more of an arena for discussion and contact than for policymaking and coordination. Its more prominent members, for example the big three and Mr. Afonin, met each other, and Industry Ministry officials, outside the council anyhow. Such meetings more specifically related to current problems and their solutions than issues discussed in the coordination council.

Coordination councils between steel producers and particular customers were a regular feature of business-to-business contact (Metallosnabzhenie i sbyt 2003a; 2003b). These councils represented a recognised form of discussion, problem solving, and exchange of information between different actors in the steel business. State agencies could also participate, for example the Ministry for Transport and Communication (Metallosnabzhenie i sbyt 2003c). Coordination councils appeared to be integral to interest mediation in the steel business.

But steel business actors did not rely only on the above-discussed channels into state agencies. For the major steel producers, coordination committees and SEMPR were only supplements to direct ties with state agencies and actors.³¹

Institutionalisation

To what extent was the network institutionalised and formalised? A network can have a high degree of institutionalisation without being very formalised. The coordination councils discussed above represent a formalisation of access channels, but in general, this network had a tendency towards informal channels. Additionally, informal meetings were more frequent than meetings in formalised channels, like the Coordination Council for the Metallurgical Complex.

The meetings of the three major steel producers, representatives of MERT, and the Industry Ministry constituted an important informal channel. This channel was a central and informal feature of the network. Participation, especially from the Industry

³⁰ The council was created in July 1997 by the Department of the Metallurgical Complex Economy of the then Ministry of Economy. In the period under study, it had around 30 members.

³¹ Fortescue gives interesting examples of direct ties both in the Soviet period and the 1990s (1997: 150).

Ministry, appeared to be dependent on the circumstances. For example, in November 2000, Industry Ministry representatives participated in a meeting preceding negotiations in Brussels and Paris. At a meeting in January 2001 that treated possible termination of the General Agreement, the Industry Ministry did not participate. The channel was institutionalised only after MERT had replaced the old Ministry of Trade. Meetings were regular already in the autumn of 2000. Before this, contact was more intermittent, and not always in the form of meetings. Because this channel was so important, one may say that while institutionalisation was low before the summer of 2000, it was somewhat higher after this, when meetings were regularised.

Power relations

How autonomous was the state in this relationship? Did initiatives and decisions reflect one side of the relationship more than the other side? It is difficult to assess state autonomy in the intermittent contact of the beginning of the case. However, the period of more regular contact that started in the second half of 2000 can be divided into two parts when it comes to power relations. Until the start of 2002, there was regular consultation between the state and the steel business. This consultation resulted in plans and strategies that reflected common interests. State autonomy was not compromised. The first half of 2002 brought three incidents in which the state may have been less autonomous towards the steel business, and they merit discussion.

The first was the question of retaliatory measures after the introduction of safeguard measures in the United States. Did the import ban on poultry, if it was such a retaliatory measure, indicate low state autonomy? Of course, it remains doubtful whether this was a retaliatory measure at all. Even if the import ban on poultry was a retaliatory measure, it was imposed by veterinary, not trade, authorities. Therefore, the ban as a retaliatory measure implied participation at a higher level than that of MERT's political leadership. In that case, the question of state autonomy here is pertinent to another level of the state. Could the steel business have influenced the government, or the Kremlin, to impose the ban? This cannot be ruled out. However, it is more likely that the timing was coincidental, and that steel business actors and others who commented on the issue deliberately preserved some ambiguity to draw attention to steel export. Also, SEMPR's president (Afonin in Afonin and Pechik 2003

[interview]) indicated that the poultry import ban brought attention also to steel export from the highest political level, which means the president and his administration. This is discussed in more detail on pages 47 and 81.

Secondly, there was the termination of the General Agreement. The agreement was terminated in April 2002 as requested by some actors in the steel business, especially NLMK's management. In May 2002, the termination process was halted, following what seemed to be a turn-about from the steel business. Rising prices for hot-rolled steel might explain the change of mind, as discussed earlier in this chapter. Did the end to the termination process imply a lack of state autonomy? It is important to take into account for whose benefit the termination process was initiated. Leaving aside the question of disagreement between steel business leaders, it is clear that termination of the General Agreement was meant to benefit them, not state policy. That the termination process was halted after the steel leaders' change of mind can be seen as a consequence of taking their advice into account in the first place. After all, if the state's efforts to support Russian businesses abroad were to remain credible, the termination process had to be halted. Therefore, this could have been more a question of maintaining a credible pledge to support Russian business than to preserve state autonomy at all costs.

Thirdly, there was the government programme for development of the ferro-metallurgical sector. The first and second versions of it, prepared by the Industry Ministry, reflected long-time demands made by the steel business. The third and final version was markedly different. This version reflected overall political goals of the government more than the previous two versions, which were written from a sectoral point of view. But the real question is whether the steel business actors influenced the first two versions to such an extent that it compromised state autonomy. The steel business had ample chance to influence the programme, through the RSPP's analysis, and through meetings with Industry Ministry officials. Of course, the steel business and the Industry Ministry may have had quite similar priorities and viewpoints. Still, I think that the government programme indicated that the steel business had an influence on the Industry Ministry that restricted its autonomy as a state agency.

In sum, I think that power relations may have changed slightly in the last period of the case, to a situation in which state autonomy was lower than it had been before.

Strategies of public administration

Were the state agencies accessible to business actors? Did they actively support business associations? In general, it seems that state agencies were accessible to business actors, but the situation before mid-2000 may have been different as regards the Ministry of Trade. There was also delegation of public authority to SEMPR. These two issues are central to this dimension.

Before mid-2000, it seems that business actors had problems with gaining access to the Ministry of Trade. When the three large steel leaders contacted MERT in mid-2000, they were granted access, and state-business relations in the network changed. But did the lack of access to the Ministry of Trade represent a conscious strategy from this agency? No answers can be certain here. It seems, however, that it was a conscious strategy from the Ministry of Trade to exclude steel business actors from direct contact with US state agencies. This could reflect a strategy of restricted access to state agencies. At the very least, there was not free access for business actors to the Ministry of Trade. This changed visibly when MERT succeeded the Ministry of Trade. MERT pursued a strategy of being accessible for business actors. This accessibility seems restricted to the more important steel business actors.

Public authority was delegated to SEMPR as regards export quotas throughout the case. There were no changes here. Did this reflect a conscious strategy from state agencies? In SEMPR's case, the authority to decide export quotas for each exporter can be said to be a holdover from the Committee of Metallurgy. Then it is less accurate to call it a strategy of the Ministry of Trade within the time period under study here.

All in all, it seems that the strategy of one of the state agencies in this case was to be accessible after mid-2000. Before this time, the Ministry of Trade was less accessible, and this seems to reflect a strategy.

3.10.2 *The network in steel and the models*

How may one understand the case in light of the models outlined in chapter two? To start with the clan model, it includes one major interest group with an informal representational monopoly, a network with many functions, closed boundaries and horizontal consultation. Multiple relations link actors, and their contacts are intense and stable. They are also institutionalised to a high extent, and state agencies could be captured, but this is not necessary. Is it useful to see the steel network as a clan at any point? There are two persuasive arguments against this. Firstly, it is an exaggeration to say that the three major steel producers formed one major interest group with an informal representational monopoly. Their internal disagreements were well known and a central feature of the case. However, membership in the network was restricted until 2002. So while there were disagreements within the network, dissent from without the network was not directly voiced within it. Secondly, one cannot say that the network had high density, intensity or stability, as would be the case in a clan. The density, intensity and stability in the steel network increased from mid-2000 to mid-2002, but seemed to be at a medium level, rather than high. On the other hand, de facto restrictions on membership, possibly supported by the state agencies in question; medium intensity and institutionalisation, and horizontal coordination are features that support the view of this network as a clan between mid-2000 and mid-2002. However, this is at best an imperfect description.

Could one usefully see this as a state capture network? In this model, there are a limited number of firms and more fluent boundaries, but the network has many functions. Importantly, intensity is lower than in a clan, and state agencies are captured by business interests. The last point is a problem here. As discussed above, business interests in 2002 could be seen to restrict the autonomy of state agencies. I still argue that this was not the case to the extent that one may speak of capture. Otherwise, many features of a state capture model seem to give a good understanding of the steel network: for example, medium intensity and density, the wide range of possible functions, and the limited number of firms. It is important to note that a state capture network has no room for a business association like SEMPR. However, as mentioned

above, one cannot overlook the possibility that SEMPR mediated the interests of the larger producers at the expense of smaller producers' interests.

Are loose networking patterns perhaps a good description of the steel network? This model has room for interest brokers like SEMPR, while the structure is more fluent and less integrated. This could be a good model through which to study the earliest part of this case: the period until mid-2000. However, one cannot say of this period that boundaries were fluent. They were well defined, and membership was restricted. On the other hand, relations within the network seemed to be like those of a loose networking pattern, but only until mid-2000.

What, then, about elite exchange? In elite exchange, there are more functions, and a more stable and intense, and institutionalised structure, than in loose networking patterns. Brokerage is also possible. Power is equally distributed between state and business actors: this is a reciprocal relationship. However, in the steel network, there did not seem to be an explicitly reciprocal relationship, or a strong notion of *quid pro quo*-exchange between the state and business elites. It seems like a general exchange of cooperation and consultation, in which the state preserved its autonomy. Accordingly, the steel network cannot be seen as an elite exchange network.

The steel network, then, was something in-between a clan and a loose networking pattern. It had restricted membership: not open, as in loose networking patterns, but not thoroughly monopolistic, as in clans. It displayed a wide range of functions, and the number increased in the period under study. In that respect, it was more like a clan than a loose networking pattern. There was a demand for brokerage, but not on all issues. State agencies were autonomous, and business actors did have quite a bit of influence. Coordination was more of the horizontal than the hierarchical type, but this changed in the period. The network also changed from a low-intensity, low-density structure to one with medium intensity and density. The same goes for institutionalisation. The network changed during the case, and it seems that it changed from a network somewhat similar to a loose networking pattern, to a network that looked more like a clan. However, it was rather less intense than a clan, and there was not a perfect monopoly on interest representation. But not all interests were mediated

to the same extent: the major three steel producers had their interests brokered in more ways, and in more efficient ways, than the smaller ones. When the network changed again in mid-2002, intensity decreased, and the previously restricted boundaries of the network became less restricted. Therefore, it became less clan-like, but otherwise retained essential features.

3.10.3 Influences on the network

From the above discussion of the networks, I conclude that this is indeed a network in change. Until the middle of 2000, this was a partly closed network with low intensity and intermittent contact, few functions (mainly consultation) and a low level of institutionalisation. From the middle of 2000 to and including the first half of 2002, it was a partly closed network with frequent contact, a higher level of institutionalisation, and many functions, including cooperation and coordination. And after the first half of 2002, its previously restricted membership became more open, while contact became less intense and the network lost some of its functions. In addition, state autonomy declined slightly at this point.

Can any outside changes have influenced the network to change? Changes in the American steel market could be a point of departure here. The American market changed in a major way twice: when it became in effect a rather restricted market for Russian steel in mid-1999, and when it was more or less completely closed in March 2002. Both after mid-1999 and March 2002, the network also changed. In the first case, this happened about a year after the market restriction, in the second case, a few months after the market closed. Can one link network change to market change? The first market change was followed by more frequent contacts within the network, and the network itself changed substantially later. The next market change led to less activity in the network, and some functions were removed from the network. However, it is difficult to link the network changes directly to market changes. There is little substance in these links: at best, market changes may have contributed to network change, but the network change itself came slowly, especially in the first case.

But there were other sources of change. The replacement of the Ministry of Trade with MERT in mid-2000 seemed to contribute towards the increased activity in the

network, and better access for some business actors to state agencies. When MERT took over responsibility for export management, the activity level in the network rose. Business actors were allowed to, and wanted to participate more, and this meant that the network between state and business actors acquired more functions. It was a two-way process: the business side also seemed to take the initiative more often.

An important reason for the network change in mid-2002 could be the designation of Russia as a market economy by the US presidential administration. When Russia was designated a market economy, some of the problems previously managed within the network were moved to arenas outside the network. Accordingly, the network lost some of its previously acquired functions.

Sector structure

At the end of this chapter, I discuss the network as influenced by the independent variables. Did changes to the sector structure influence the network to change? As will be remembered from pages 6 and 29, sector structure is a combination of the economic structure of the industry and the economic weight of the industry. Did changes here influence the steel network to change? In general, it does not seem so. There were no significant changes in the steel industry, or in its economic weight, that preceded the network changes in 2000. This change seemed, as discussed above, to be more influenced by the government agency change from Ministry of Trade to MERT. Likewise, the change in 2002 was more influenced by the designation of Russia as a market economy by the US government, and will therefore be discussed below. But another change, the inclusion of a fourth steel producer (EvrazHolding) in mid-2001, could be seen as a consequence of sector change. One argument here is that the three medium steel mills controlled by EvrazHolding were updated and modernised in the period, and EvrazHolding, which was consolidated only in 1999, became a more important player within the sector. And from this perspective, the inclusion of EvrazHolding was a consequence of sector change. On the other hand, the three large plants were continually modernised and updated in the period under study as well. However, I think that the inclusion of EvrazHolding still was a consequence of sector change. United under the relatively new management of EvrazHolding, the three medium steel mills achieved a new significance in the sector, and an economic weight

they had not had before. It became impossible to overlook them in decisions and negotiations about steel export, and in turn, the network included a new member. However, this did not affect any of the other dimensions of the network. The network retained its functions and structure. Accordingly, this change in sector structure did not affect the network in general.

Bilateral relations

Did bilateral relations influence the network to change? Bilateral relations are defined as official contacts between Russian and American government agencies; bilateral agreements, and Russian and American government acts and statements directly targeting the cases in the bilateral relationship. In the steel case, there were two prominent changes to the bilateral relations between Russia and the United States: the 1999 steel agreements, and the 2002 designation of Russia as a market economy. The 1999 steel agreements caused the market change discussed above, and it is concluded that the link to network change is tenuous. It cannot be ruled out as a contributing factor, however. The American designation of Russia as a market economy in 2002, on the other hand, had an immediate and clear impact on the state-business network. In this case, it seems that the bilateral relations mattered when the network changed: that is what the actors said, and they acted according to their new possibilities at the very first opportunity.

4 The poultry case: history and analysis

4.1 Introduction

The main events in this case are the import ban on poultry meat from the United States, imposed by Russian veterinary authorities in March 2002, and the founding of a business association, the Association of Operators on the Eurasian Poultry Meat Market, in the summer of 2002. The case is centred on the mutual relations between the poultry industry and the state. The poultry industry is composed of poultry producers, importers, and their business associations. The state is also composed of multiple actors, and specifications are given along the way.

This chapter divides into three parts. The first few pages give background information about the poultry market in Russia, and American import to it. Next comes a historical narrative that traces the developments in the case in detail from late 2001 to late 2002. The third part is an analysis of the case as a case of state-business network formation and change.

4.2 The background

4.2.1 The Russian poultry market

During the 1990s, pork and beef gave way to poultry as the Russian everyday meat, however, the total share of meat in the diet decreased as real incomes fell.³² Poultry became more important because of the low price of poultry meat, but import also played a part in changing food habits. Imported meat covered a greater share of Russian demand for poultry than for beef and pork (IEPP/APR 2002: 12, using background data from the Russian Ministry of Agriculture). Most imported poultry meat was less expensive than Russian meat.

The Russian poultry market consisted of two main segments in the period under study.³³ One segment consisted of poorer consumers, and one segment consisted of

³² Official meat consumption in Russia fell from 75 kilograms per person per annum in 1990, to 47 kilograms per person per annum in 2001. In 2002, it increased to 49 kilograms (MSKh and Rosptitsesoizuz 2003: 7).

³³ In addition, some consumers produced their own chickens for own consumption and for sale. This had the effect of lowering sales of industrially produced poultry meat, imported and Russian, in rural regions of central and southern European Russia, and in Siberia.

richer consumers. Import played a more substantial part in the first segment than in the other. Russian producers offered mainly whole chickens and broilers. Imported chicken was mostly chicken parts, and one prominent product here was frozen American chicken quarters (whole legs). These were available by weight in retail and wholesale (IEPP/APR 2002: 6-7). They could be bought in small quantities at a time, and they were convenient for working people, being quick to fry. And crucially, these so-called Bush's legs were less expensive than Russian whole chickens. Therefore, cheaper, imported cuts were often consumed by the working poor, the less wealthy parts of the population living in cities and towns, and by pensioners. This was more than half of Russia's population. Wealthy parts of the population in major city centres bought more Russian broilers, either frozen or chilled, or chilled Russian chicken parts (IEPP/APR 2002: 42; IKAR 2002: 28-29, 55).

4.2.2 American poultry in Russia

During the 1990s, Russia became one of the largest export markets for American chicken. Bush's legs first arrived in 1991 as food aid, and afterwards sold well on the Russian market.³⁴ They soon occupied a well-defined niche in consumer demand. In Russia, American poultry producers could sell cuts that are less popular on the American market.³⁵ Export is a relatively new feature of the American poultry business, as it became important only in the 1990s.

Before the August 1998 crisis in the Russian economy, Russia's share of US export of chicken legs was close to 40 per cent (Lyle 1998), and perhaps even higher.³⁶ In 2001, imports covered around two thirds of the Russian poultry market. American producers supplied 73 per cent of all import (Johnson 2001; IKAR 2002: 30). Estimates for the overall market share of American chicken legs range from 36 per cent of Russian poultry consumption in 2000, to around 45 per cent of Russian poultry consumption in 2001 (IEPP/APR 2002: 13, using background data from the Russian State Customs Committee; IKAR 2002: 28).

³⁴ Bush's legs were named after President George Bush.

³⁵ American consumers prefer white meats to dark, and prices for dark meat are low. In the Russian market, darker poultry cuts are preferred, as they have more taste.

³⁶ Illegal import was a persistent problem in the Russian poultry market, especially from 1996 to 1999. Import tariffs were at times very high; and they were routinely dodged. See Appendix, Figure A3.

4.2.3 Russian poultry production

From 1992 to 1996, domestic Russian poultry production declined by almost 55 per cent, more than beef and pork production (Lyle 1997). Poultry production was spread across many Russian regions, and there were many small poultry enterprises. The poultry sector until around 2000 attracted little investment or political interest. Poultry production then turned into the most concentrated sector in the agricultural industry (IEPP/APR 2002: 10). It started to return profits. The size of operations was “enough to justify management expenses”, making it a welcome investment target (Ernst & Young CIS 2003a: 5). However, Russian poultry meat remained more expensive than imported meat. Production methods and energy use were not as efficient as in the West. Post-production phases, including refrigeration and freezing, transportation and retail networks, were inefficient. Poultry producers also received near to no subsidies. This was not always the case with meat imported from other countries.

4.2.4 Food import and poultry trade

Food import to Russia was legalised in 1992. Russia quickly became a dumping ground for many foodstuffs, because of lacking food import regulations, and too little control where regulations existed. Russian authorities quickly introduced import duties on food. In the case of poultry, these were at 20 per cent, growing to 25 per cent in 1995. The duties were raised in 1995 to protect domestic production (Sigel 1995). In 1996, duties on poultry rose again to 30 per cent.

International poultry trade flows have increasingly been affected by hygienic and health considerations as well as trade regulations (Ablayeva 2001: 22-23). Trade in poultry has become highly restricted due to concerns over avian diseases. Sanitary procedures have varied, further restricting trade. This was a source of dispute between Russia and the United States in 1996 and in 2002.³⁷ The degree of disruption such sanitary trade barriers can cause to the international poultry market was demonstrated for the first time when Russian officials stopped to issue import licences for American chicken in early 1996. When American businessmen, poultry producers and politicians protested, the government reacted quickly (Lyle 1996). Prime Minister Viktor

³⁷ And not only in Russia: The European Union banned import of American poultry in 1998, because of excessive use of antibiotics in production.

Chernomyrdin declared that poultry imports should be allowed, and problems would be solved with consultations. A ban was actually put into force, in what to the Americans appeared to be a breach of promise. This inconsistency appears to have been a coordination problem, of which the Veterinary Service may have taken advantage. In the event, the ban was short-lived, and the Americans afterwards allowed joint spot inspections of American plants that delivered to the Russian market.

In 2002, international poultry flows were more seriously affected during the Russian import ban for poultry meat from the United States. An important part of the background here are the vastly different standards that characterise poultry production in different countries. They make it difficult to know whether decisions are taken on grounds of health considerations or for political reasons. Multinational companies develop production technologies, like medication and feed, continuously. Authorities, on the other hand, respond with varying urgency in different countries, and in various ways. Therefore, a drug or treatment that is legal and widely used in one country can be illegal, outdated, or not arrived yet, in another. When disputes arise over such questions, bilateral negotiations are often the only way to solve them.

4.3 US poultry comes under attack

4.3.1 *A newly active industry*

The Meat Union, a business association for meat producers, was established in 1998. All the large Russian meat producers and importers quickly joined the union. It criticised imports for the first time shortly after its foundation, but refrained from criticism of American meat imports at this point (Helmer 1998). There was in fact ample reason to look into poultry imports, with widespread illegal imports through bordering countries.

In the autumn of 2001, particularly in December, there were calls across the industry to reduce poultry imports to Russia (Davleev 2003 [interview]). The Ministry of Agriculture in January 2002 investigated the opportunities for restricting food and agricultural imports, especially meat and poultry, through quotas imposed by the

Duma. Duma deputies were not against, but they wanted to treat all agricultural imports in one act, and not to restrict meat imports first, and the rest later (Sas 2002d).

In February 2002, complaints about the rising imports, and falling prices on imported chicken, were the topic of a meeting in Rosptitsesoiz, the poultry producers' union (Kostina 2002a). The volumes of imported poultry had risen sharply during the Russian import ban on beef from the European Union in the first half of 2001. However, when the ban was lifted, poultry import remained high, and prices low. Various Russian producers now complained that they could not compete with the imported chicken. The first deputy minister for agriculture, Sergei Dankvert, who attended the meeting, agreed with the president of Rosptitsesoiz, Nikolai Averianov, that import quotas would be a good solution to this situation. Musheg Mamikonian, the president of the Meat Union, would rather have quotas for all meat products (Kostina 2002a). This position coincided with MERT's (Kostina 2002b).

4.3.2 Restrictions on American poultry in Ukraine

In late 2001, USAPEEC in Moscow increased its activity in Ukraine and Belarus, after the positive experience on the Russian market (Krest'ianskie Vedomosti 2001). The Ukrainian government restricted import of American poultry for sanitary and health reasons from 1 January 2002, using the EU's import ban on American poultry as an example.³⁸ At the same time, the Chinese government banned American poultry (Krest'ianskie Vedomosti 2002a).

4.3.3 Russian veterinary authorities ask for clarifications

The Ukrainian restrictions became known to the Russian public a few weeks into 2002. An article in a Moscow newspaper prompted the Ministry of Agriculture to issue a press release, in which it emphasised that its Veterinary Department carried out annual sanitary controls of American producers exporting to Russia, applying its own sanitary regulations, unlike the Ukrainian authorities (Isakova 2002). The leader of the Veterinary Department, Mikhail Kravchuk, also Russia's chief veterinarian, had

³⁸ During 2001, American food safety authorities amended policies and procedures for antibiotics residue in poultry and meat (Food Safety and Inspection Service 2001). This followed reports about antibiotics resistance in bacteria harmful to humans, due to the application of a type of antibiotic in poultry production (Bren 2001).

signed the press release. The press release announced that the Veterinary Department had already asked the Americans for clarification on stimulating agents, preservatives, and disinfectants applied in poultry production and treatment. Kravchuk emphasised that there were no grounds for the Russian press reports about an alleged impending Russian import ban (Kravchuk 2002a). The same day, Interfaks reported that Sergei Dankvert could not rule out the possibility of a Russian import ban on US poultry (Dobrov 2002a). The minister for agriculture, Aleksei Gordeev, a day later denied that import would be banned (AK&M 2002a).

The US authorities replied to the Veterinary Department's questions on 5 February, with a lengthy document of 300 pages. On 11 February, the Veterinary Department required more specific answers to 14 more questions, with deadline on 1 March. The answers were delivered on 28 February, and requests for further clarifications were immediately issued by the Veterinary Department. Dankvert announced that Russia could ban American poultry import "at any moment" (Interfaks 2002a).

4.4 The import ban

On 1 March, the Veterinary Department announced that import licences for American poultry were invalid after 10 March, and no new licences would be issued from 1 March. Mikhail Kravchuk had signed the order on 28 February, before the deadline expired (Kravchuk 2002b; Dobrov 2002b). Quite unlike the press release from January, the order referred to numerous instances of non-compliance by American exporters with Russian veterinary authorities' demands. The announcement included a list of non-compliances. During the morning of 1 March, Aleksei Gordeev refuted that import would be banned, and only later in the day did he acknowledge that a ban had already been issued. It would only be possible to reconsider the ban after 10 March, if official American guarantees for the safety of the products were received.

4.4.1 American reactions

American authorities and USAPEEC quickly announced that the American side had complied with the demands from the Veterinary Department in time, and that the import ban was groundless (United States Trade Representative 2002). The American ambassador to Moscow, Alexander Vershbow, during the first days after 1 March

discussed the issue with both German Gref and Andrei Illarionov, President Putin's advisor. The ambassador's request to discuss the ban with representatives of the Ministry of Agriculture was rejected (Voronina, Simakov and Kuznetsova 2002). The Ministry of Agriculture also, on 6 March, rejected a proposal from Vershbow to discuss the issue with American experts before 10 March (Kommersant 2002; Dobrov 2002c).

4.4.2 Bilateral negotiations coincide with salmonella findings

Only one day later, representatives of the Veterinary Department and the American Embassy discussed a list of American experts that would come to Moscow (Interfaks 2002b). Negotiations started in Moscow on 11 March. That day, Dankvert announced that because of the many different aspects of the ban, the negotiations would take time (Interfaks 2002d). Dankvert also referred to recent salmonella findings, which would be an issue in the negotiations. On 5 March, the Ministry of Agriculture had disclosed that during the last few days several parties of American poultry were found to contain salmonella bacteria (Evstigneeva 2002a). The number of infected parties grew during the following week. Salmonella, not uncommon in Russian and American poultry, took on a political meaning. Reports about the low quality of the American chicken soon abounded in the media. Alarmist statements came from Duma politicians, Health Minister Iurii Shevchenko, and journalists alike (Evstigneeva 2002b).

At the eve of the negotiations, Ambassador Vershbow expressed that the American side no longer saw a connection between the issues of steel and poultry (Arsiukhin 2002). The negotiations took place in expert groups for import certification, salmonella, antibiotics and hormones. They were difficult, and the American experts postponed their departure to Kyiv, where they were to negotiate with Ukrainian authorities on their import restrictions.

On 20 March, Aleksei Gordeev finally met with the American ambassador. This underlined positive developments in the negotiations. A central issue in their discussions was the responsibility of American veterinarians. As soon as the Russian side recognised them as authorised to issue Russian veterinary certificates, import could resume. A few other questions pertaining to the certificates also remained. The

Russian government in addition wanted to ban import of chicken from producers in whose deliveries salmonella had been found, and to inspect them with joint veterinary commissions before allowing export to Russia (Sagdiev 2002a).

The joint negotiation protocol was signed on 31 March. Import should resume from 10 April, with temporary certificates, and on the condition that Russian veterinarians carry out inspections in the United States before this date. Inspections were duly carried out. While in the US, some of the Russian veterinarians announced that they were against lifting the ban. Temporary certificates were in fact not issued before 15 April, coinciding with German Gref's visit to Washington.

4.4.3 A ban for political reasons?

As discussed in the previous chapter, the Russian and American media did not hesitate to link the import ban with the American safeguard measures on steel introduced on 5 March. There were puzzles in the behaviour of the Russian veterinary authorities: the change of line during February, conflicting announcements from different officials in the Ministry of Agriculture, and the issue of whether the Americans had complied with Russian demands or not.³⁹ Why had the Russian authorities been so slow to ask questions? The Ukrainian authorities banned import of American poultry already in January. American residue regulations had been under review from early in the preceding autumn. The reports in 2000 about antibiotics resistance in the United States had been followed by appropriate attention by the American authorities. Surely, the Russian authorities must have known of these issues? If the problem was in hygienic standards, quality and certification, it was relevant to question the timing. To many observers, it seemed that the ban was imposed for political reasons.

4.4.4 The import ban and the domestic poultry business

From the Russian poultry business's point of view, the import ban could turn out to have positive consequences. It was an opportunity to increase prices, because a substantial part of cheap imports would disappear from the market. Many poultry producers claimed that current prices did not even cover costs. This could give them a

³⁹ To add to the confusion, the chief veterinarian, Mikhail Kravchuk, was on sick leave from 1 March.

respite from the competition offered by Bush's legs and other American poultry products. In the longer term, it could serve as a boost to investment in the business, as wider profit margins could lead to increased investment. This coincided with the government's strategy of increasing domestic production of most foodstuffs, especially poultry. Self-sufficiency in food had a high priority in the Russian government. The motive for proposing poultry import quotas had been to stimulate domestic production. It seemed unlikely that quotas could be introduced during 2002, but the effect of the import ban could be quite similar to that of import quotas.

Therefore, when the ban was introduced, the media focus was more on the domestic poultry business than on the sanitary aspect of the case. Russian authorities, from the Veterinary Department to cabinet ministers, the Ministry of Foreign Affairs (MID), and the prime minister, were quick to refer to the sanitary control grounds for the import ban (Voronina, Simakov and Kuznetsova 2002). The grounds were not well specified. Different reasons appeared in comments made by different people. Ministry of Agriculture officials also underlined the difficult situation in the Russian poultry business. The sanitary aspect of the case, always included in comments on the ban, remained hazy. This could be because such issues are rather complicated. Nevertheless, it reinforced the impression of a ban for political, not sanitary reasons. Meanwhile, the situation in the Russian poultry business received unprecedented in-depth coverage and attention in central and regional media outlets.

4.4.5 Poultry importers and the import ban

One part of the poultry business received little attention. The large import companies stood to gain from the import ban, especially if it did not last too long. Large import companies can have quite large stocks, sufficient for several weeks' business, waiting in warehouses to be sold to wholesalers. The stocks in early 2002 were three times higher than at the same time in 2001 (Interfaks 2002e). A short-lived import ban would allow importers to empty warehouses at high prices, perhaps high enough to cover the slump in business that would follow as imports ceased. Small importers, on the other hand, were likely to carry considerable losses during a ban, no matter how short-lived. Many of them would probably go bankrupt.

4.4.6 The motivations for the import ban

There were, accordingly, motivations for the import ban apart from the sanitary ones. One source suggests that the ban was imposed for economic or market reasons, to let the market recover its balance after American imports increased (Tiurina 2003 [interview]). This is supported by another source inside the import business, who mentions the consideration of supporting domestic producers as a motivating factor for the import ban (Andrianov 2003 [letter]). Considering the emphasis state officials put on market factors over sanitary factors, this seems a likely explanation for the ban.

4.4.7 Effects of the import ban

Some observers predicted that prices would rise substantially when the import ban was introduced in March. In fact, wholesale prices for whole chickens rose only by 10 per cent during the import ban. The wholesale price for chicken quarters increased on average by 12 per cent (IAM 2002). Imported chicken quarters were still nearly 20 per cent cheaper than whole chickens. Imported chicken's share of the market also grew a little compared with 2001 (Interfaks 2002e; Sagdiev 2002b; Krest'ianskie Vedomosti 2003). American chicken lost around 10 percentage points of its market share to imports from Brazil and the European Union, mainly France and Germany (IAM 2002; Tiurina 2003 [interview]).

The import ban affected smaller American suppliers and Russian importers more than larger ones, because the small operators had less financial strength when faced with sudden market changes. While this is beyond doubt, speculations that the import ban was lobbied through by the large importers, in an effort to get rid of the smaller one, cannot be substantiated here (see Prianishnikov 2002).

4.4.8 The political significance of the import ban

The political significance of the import ban increased as Russian politicians and bureaucrats repeatedly emphasised the technical, non-political reasons for the ban, while at the same time often underlining the low quality of American chicken. Therefore, the ban had already acquired political overtones before foreign minister Igor Ivanov discussed it on telephone with Secretary of State Colin Powell on 8 March (Interfaks 2002c). Throughout the crisis, even the two presidents would discuss the

import ban on telephone more than once (Krest'ianskie Vedomosti 2002b). As Sergei Dankvert and Ministry of Agriculture spokesmen eagerly pointed out, such import bans were introduced regularly; in fact, a ban had been introduced on Chinese beef and pork from 15 March (RBK 2002a). Still, the ban on American poultry was the only one that attracted political attention, for example when the Duma voted in support of the Russian government's position (RIA Novosti 2002). The Duma also asked the government to develop a programme for the Russian poultry business.

4.5 Poultry import from the US after the chicken crisis

4.5.1 *Prolonged insecurity*

Insecurity about American poultry import to Russia continued until September. This was especially the case in Moscow, where Mayor Iurii Luzhkov banned central purchases of American poultry in May. Otherwise, the problems were the unclear status of the temporary veterinary certificate, and chicken that had left the United States under the old certificate. There were also delays in customs declarations due to queues that had formed in ports during the period of the import ban.

Another problem was that the temporary certificate was valid only through June; while negotiations about a new one could not reach a conclusion in June. This meant that all parties of American poultry could be stopped in customs yet again from 1 July, and again from 1 August. The negotiations continued in July, as the two sides blamed each other for delaying the process. High-level contact accompanied the negotiations. There were several telephone conversations between the Deputy Ministers Sergei Dankvert and John B. Penn (Sagdiev and Evstigneeva 2002; Interfaks 2002g).

4.5.2 *New certificates*

At the end of July, Russian authorities prolonged the temporary certificate's validity period with six weeks. There were further delays in the negotiations in early August, but by the third week of August, the new certificate was finally agreed upon. Russian veterinary inspections of American plants could start in late October. As it were, this put an end to the chicken crisis proper.

The Americans entered into several compromises with the Russians. They agreed to Russian standards for the use of antibiotics; chlorine concentration in washing water for carcasses; use-by dates of frozen processed meat for industrial use, and actions to avoid chicken flu (Karpova 2002).

4.6 2003: Meat import quotas

Meat quotas were introduced in April 2003. The poultry business, politicians and the Ministry of Agriculture had worked towards this for more than a year. The poultry quotas, in 2003 set at the approximate level of import in 2002, were due to decrease from 2006 (Pravitel'stvo RF 2003). The historic principle was used to decide the share of the quota allotted to each country, as well as the quota size for each importer.⁴⁰ The importers' shares were distributed by the importers' own business association, the Association of Eurasian Poultry Market Operators, of which more below. Following the introduction of meat quotas, prices for all sorts of meat rose during the summer and autumn of 2003.

4.7 A new start for the poultry business?

4.7.1 *Passivity and disunity*

Representatives of the poultry business were not involved in the negotiations with the Americans, and did not hold meetings with Russian government officials during March. In April, however, Aleksei Gordeev and other representatives of the Ministry of Agriculture held a meeting with the leaders in the business. They discussed a wide range of topics: the financial situation in the poultry business; perspectives for development; changes to the tax system; and the importance of changing import tariff policy (Interfaks 2002f). The chicken crisis had clearly created a need to discuss the situation and future of the business in general.

Industry leaders present at this meeting accused USAPEEC of preparing a slander campaign against Russian veterinary authorities, and of spreading incorrect information about the Russian veterinary service (Interfaks 2002f). This was not long after USAPEEC had been excluded from Rosptitsesoiz, the poultry business

⁴⁰ With the historic principle, current share of import is based on historic data for previous share.

association (Sagdiev 2002d). The poultry business leaders and USAPEEC did not get along well in this period, and there was a general lack of communication between them (Surikov 2003 [interview]).

4.7.2 *The first deputy minister complains of lacking support*

State-business relations were also in need of improved communication, according to First Deputy Minister Sergei Dankvert. In early September, he participated at a presentation in the Russian Cattle-Breeding Union. In his speech, he lamented the general state of “lobbyism” in the agricultural sector. In his opinion, there was too little of it. He described the Union of Russian Sugar Producers as the only effective and supportive business association in the agrarian lobby. “When the sugar producers need the government to make a decision, they themselves prepare all the calculations, and the Ministry of Agriculture’s representative at the session of the Commission for Protective Measures [in Foreign Trade] only has to ‘add a couple of words to the document’ for the necessary resolution to be made” (Sagdiev 2002e).

Dankvert specifically complained about having to “fight the ‘trade war’ on the American chicken quarters on his own”. He said that “poor and impotent” business associations were not what the Ministry of Agriculture needed. Rosptitsesoiz had not supported the Ministry of Agriculture’s import ban openly or financed “the fight [against American chicken quarters]”. He admitted that a couple of companies had advertised on television in support of domestic poultry production (Sagdiev 2002e). This public reproach of the main business association was received as a confirmation of earlier rumours that Rosptitsesoiz was not particularly close to, or favoured by, the government in this period (Rybak and Sagdiev 2002).

He concluded the argument with a call for business associations to take the initiative towards the government, and to support the Ministry of Agriculture’s initiatives within the government and in the State Duma. He especially mentioned the amendments to the foreign trade law that would allow quotas for foodstuffs. While the Ministry of Agriculture worked towards extensive quotas for all meat and most dairy produce, this

failed to attract support in the State Customs Committee or MERT.⁴¹ Therefore, the Ministry of Agriculture had only one instrument in foreign economic affairs: the veterinary regulations (Sagdiev 2002e).

Here, in contrast to the steel case, a member of the government complained about a lack of support from the business in question. According to the quoted report, industry representatives understood Dankvert's laments.

4.7.3 A new business association

In the poultry business, so-called lobbyists had already taken the initiative that Dankvert asked for. The Association of Eurasian Poultry Market Operators⁴² (Association of Operators) was founded on 4 July 2002 (Surikov 2003 [interview]) by the main poultry importers on the Russian market: Evroservis, OptiFud, and Soiuzkontrakt. The association was founded with the explicit aim of becoming the government's main partner on the Russian poultry market, and the government actively supported it (Surikov 2003 [interview]). The Ministry of Agriculture's press service first announced that the Association of Operators had been created (Rybak and Sagdiev 2002). Agricultural Minister Gordeev presided at the association's first press conference and formal opening in August (Igumnova 2002; USAPEEC 2002; Surikov 2003 [interview]). In his statements, he emphasised that the association should become the government's main advisor on questions of poultry import, as well as have a "decisive influence on the distribution of import quotas for poultry planned for 2003" (Prianishnikov 2002).

The president of the Association of Operators, Iurii Masliukov, was a well-known politician and a former deputy prime minister under Evgenii Primakov, who was now the head of the Chamber of Commerce and Industry. Masliukov also had ties to the defence industry. His deputies, Albert Ageev and Anton Surikov, were former deputy head of the government staff and former Duma Defence Committee head of staff, respectively (Igumnova 2002). The high-ranking profiles from outside the industry

⁴¹ It was believed that extensive quotas would lead to a general rise in food prices and illegal imports of dairy produce as well as meat.

⁴² According to one source, the use of 'Eurasian', not 'Russian', in the Association's name, was a concession insisted on by the Ministry of Agriculture (Levicheva 2002). Iurii Masliukov referred to the Eurasian Customs Union (Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan) as a reason not to use 'Russian' (USAPEEC 2002).

that were to lead the Association of Operators strengthened the association's political profile.⁴³ It also strengthened the impression that the association was intended as a force for change in the poultry market.

Together, the association's founding companies represented at least a 75 per cent share of the Russian market.⁴⁴ By May 2003, it had more than 50 members (Surikov 2003 [interview]). The association was seen as a bid by the major importers to acquire greater control of the import market, and to weaken competition from smaller importers (Igumnova 2002; Prianishnikov 2002). Masliukov's statements at the August press conference indicated that this was the case. He emphasised that it was difficult for state agencies to cope with the thousands of actors in the market, all of different sizes, and this had led the market into a bad state of affairs. One way to avoid this in the future was to let the Association of Operators grow into a self-regulating organisation, complete with its own trademark, and with close ties to the state (Masliukov 2002). He underlined that this way forward would give the market greater stability, while the alternative was to let things float as they were, with the market under a lack of state control (USAPEEC 2002).

It seems likely that a consequence of such self-regulation could be less competition. One of the goals of self-regulation was to fight against continued illegal and semi-legal imports, by Masliukov estimated at 15-20 per cent of the market (USAPEEC 2002). But small importers also appeared to be a target, judging by the emphasis Masliukov placed on regulation of size and standard. In a longer perspective, he envisaged a "union of associations", which were to regulate the market. These associations should comprise all producers, wholesale buyers and operators: "[they]...cannot be outside the associations that regulate the market" (USAPEEC 2002). The Association of Operators intended to involve itself also in commercial projects, as an investor, possibly with foreign cooperation (Masliukov 2002; USAPEEC 2002).

It seems that another important motive for establishing the Association of Operators was to ease introduction of import quotas for meat. This was confirmed in personal

⁴³ Doubts surrounded the question of whether Iurii Masliukov really was an outsider. According to rumours, he was connected with OptiFud, and therefore, his appointment to president of the Association of Operators could be taken to reflect relative strengths within the business (Prianishnikov 2002).

⁴⁴ One source estimated 85 per cent (Smovzh 2002).

communication with a representative of one of the founders of the Association (Andrianov 2003 [letter]). The association established ties with MERT, the State Customs Committee and the Chamber of Commerce and Industry already in August 2002 (Sagdiev 2002d). Throughout the autumn and winter of 2002, the association participated actively in the development of a quota system. The Association of Operators later allotted importers' shares of quotas. One could speculate that this, too, could have motivated poultry business leaders to establish the association in the first place. Such implementation tasks are, as seen also in the steel case, not uncommon for business associations in Russia (cf. Lehmbruch 2001). Quotas for poultry are distributed on the basis of previous import volumes, a system that clearly favours the larger, established enterprises, like the founders of the association.

The new occurrence in the poultry market after the import ban was its political significance. Apparently, if poultry importers were to have any political influence on their market, a business association was a means to secure it. The Association of Operators was not only a business association with support from the Ministry of Agriculture. The association also acquired influential lobbyists of its own, and most likely financial means to match. These means could, through a quota system, translate into even more influence on market conditions.

4.7.4 *Rosptitsoiuz*

Rosptitsoiuz remained the poultry producers' interest organisation. It was closely connected with the Ministry of Agriculture by location and structurally: its offices are in the Ministry of Agriculture building, and the head of the Animal Husbandry and Breeding Department of the Ministry of Agriculture was a member of Rosptitsoiuz's Council of Directors.

Rosptitsoiuz's leaders did not welcome the new Association of Operators. Upon the founding of the association, the president of Rosptitsoiuz, Nikolai Averianov, stated that he was against separate associations for producers and importers, and would like to see the two united in the future (Sagdiev 2002d).

Rosptitsoiuz had been created in May 2001, and in 2002 had around 200 members, of which about 180 were poultry producing enterprises (IKAR 2002). It

apparently lost influence with the Ministry of Agriculture in 2002. While in February, Dankvert attended a meeting in Rosptitsesoiz, in September, he complained about the lack of support from it. In general, it was not perceived as close to state agencies in 2002 (Rybak and Sagdiev 2002).

4.7.5 *Rosptitsesoiz acts*

Rosptitsesoiz approached the government's Commission for Protective Measures in Foreign Trade in June 2002. At its request, the question of imported meat's damage to domestic production was considered in July (Sagdiev 2002c; Andrianov 2003 [letter]). The material on which Rosptitsesoiz based this request largely concerned the rapid increase in poultry import from 1999. As shown in Table A3, official Russian statistics on this issue are likely to be incomplete, because the years 1996-1999 saw substantial illegal import. Therefore, Rosptitsesoiz's request was supported by questionable information. The commission nevertheless recommended that an additional protective duty at 8.3 per cent should be levied from date and throughout 2002. This recommendation led to further investigation by MERT (RBK 2002b), in which Rosptitsesoiz, USAPEEC, and the Association of Operators participated (Davleev 2003 [interview]). The additional protective duty was in the event dismissed in favour of the new quota system in November.

4.7.6 *A government programme*

The new input into relations between the industry and the government later also produced a result similar to that in the steel business: a programme for development of the industry. The president instructed the government to develop such a programme in early August 2002, and the Ministry of Agriculture, Rosptitsesoiz and three research institutes worked out a draft programme in early 2003 (MSKh and Rosptitsesoiz 2003).⁴⁵ Similar programmes followed in some regions, like Moscow oblast (RIA Novosti 2003).

The draft programme for development of the poultry industry from 2003-2005 to 2010 had the goal of increased self-sufficiency in the Russian poultry market. It set out

⁴⁵ The participating research institutes were the All-Russian Institute for Scientific Technological Research of Poultry Production (VNITIP); the All-Russian Institute for Scientific Research of the Poultry Meat Processing Industry (VNIIPP); and the Inter-Regional Scientific-Technical Centre for Poultry Breeding.

measures for market protection, and detailed the means to increase self-sufficiency, through increased competitiveness of Russian poultry producers compared to foreign poultry imports. The programme outlined investment projects in several regions, where private investments, government grants and indirect contributions from the federal budget through research institutions were to secure the development of modern and competitive poultry farms. The draft programme to a great extent reflected the poultry business's demands, both in its goals and the measures to reach them. This was particularly the case for the investment programmes.

4.8 This case in light of the core question

In this section, I first describe the network in the case according to the network dimensions. I then discuss how one may understand the case in light of the models outlined in the theoretical chapter. Lastly, I discuss network changes, and possible explanations for them.

4.8.1 The network in this case

Actors

Who were the actors? There were several business actors, and some state actors. The most prominent state actor in this case was the Ministry of Agriculture. While the Veterinary Department was responsible for the import ban in March 2002, the driving force behind state-business relations on the state side was the Ministry's political leadership, especially First Deputy Minister Sergei Dankvert. MERT was a less active agency in the question of poultry import than in steel export. Relations with the poultry business on the issue were coordinated and managed by the Ministry of Agriculture. As the ban was imposed under Russian veterinary regulations, coordination by other agencies was not an option.

The relationship between the two government agencies at this time seems to have been neither close, nor good. After the end of 2002, that is, after the case ended, it seems that MERT and the Ministry of Agriculture had more frequent, and also more coordinated, contact. This was mostly connected with the new import quotas for meat. Both during the case and after it, MERT had separate contacts with the business on issues within its sphere of competence: quotas, import regime, and tariffs. For

example, USAPEEC had formalised meetings with MERT representatives twice annually (Davleev 2003 [interview]).

Within the Ministry of Agriculture, information channels did at times appear to be rather weakly developed. This was particularly visible when the import ban was imposed. The issue quickly rose to the political level, with lower level bureaucrats taking care of the technical side of negotiations, and little more.

MID was apparently not very well informed about what was going to happen in early March, and this improved only a little afterwards. This absence of participation on the part of MID is interesting. On one hand, it can be seen as a consequence of MID's well known conservatism and disinterest in trade issues. On the other hand, poorly defined responsibilities in foreign policy can have played a part (cf. Shevtsova 2003: 242). It may also have been caused by efforts to reduce the political significance of the ban. After all, the issue had acquired a disproportional enough presence in the Russian-American relationship, and MID's involvement would hardly reduce it. Telephone conversations about the ban at minister level were perhaps unavoidable, but general MID involvement could worsen matters. Accordingly, I conclude that the Ministry of Agriculture was the main state actor in the poultry network, but that MERT also played a role on some issues.

On the business side, Rosptitsesoiz was quite active just before the import ban was introduced. It quickly lost significance towards the middle of 2002. Still, it was close to the Ministry of Agriculture throughout the period under study. As noted above, this is a geographical and structural closeness, but it could also be functional: When I contacted Rosptitsesoiz and asked for an interview, I was eventually informed that I had to go through the Ministry of Agriculture, as the union was not authorised to give me information (Rosptitsesoiz 2003 [telephone conversation]).

Another important business actor was the Association of Operators of the Eurasian Poultry Market. This association represented poultry import businesses, mainly the three or four largest importers. It seemed to take over some of Rosptitsesoiz's functions as a channel of access between state and business actors. In addition, it took on more functions than Rosptitsesoiz had previously had.

Were Rosptitsesoiz and the Association of Operators representational monopolies? After all, access to the Ministry of Agriculture seemed to come through membership in Rosptitsesoiz for poultry producers, or the Association of Operators for poultry importers (from mid-2002). A strong argument here is that the Ministry of Agriculture's political leadership apparently preferred interaction with business associations, not with single businesses. To influence the poultry market, the major poultry importers needed access to the Ministry of Agriculture. They acquired it through the creation of the Association of Operators. Another strong argument for this view is that representational monopoly was an explicit motive for establishing the association. The association's president, Iurii Masliukov, as well as the Minister for Agriculture, Aleksei Gordeev, repeated this at the association's first press conference.

This is not a perfect representational monopoly, however. USAPEEC, which represented American producers and exporters, throughout the period had direct access to MERT and the Ministry of Agriculture. When USAPEEC was excluded from Rosptitsesoiz in early 2002, this did not seem to restrict its direct access to the Ministry of Agriculture significantly. However, it could have affected its indirect access. When asked about his contacts, the USAPEEC representative in Moscow emphasised that he maintained contacts with all business associations, not only because they were important to the business, but because they were channels of access to the Ministry of Agriculture (Davleev 2003 [interview]).

Functions

What did the actors do? Here, there was development during the case. There was relatively little activity on the part of Rosptitsesoiz in the period leading up to the introduction of the import ban in March 2002. Rosptitsesoiz held meetings, like the one in February 2002, where representatives of both the Ministry of Agriculture and MERT were present. However, it seems that the organisation mainly issued demands, and was consulted by the Ministry of Agriculture, while not participating in any kind of negotiation or cooperation. This could be because the parties directly affected by an import ban, namely, the importers, generally were not represented among its members. The exception was USAPEEC, which however faced considerable difficulties in having its opinion heard within Rosptitsesoiz, and later was excluded.

No matter how this lack of communication is explained, it meant that relatively few functions were channelled through the network. As Rosptitsesoiuz and the Ministry of Agriculture were closely integrated, there was a potential for more functions to be carried out in cooperation.

The confrontational stance of Rosptitsesoiuz during the build-up to the import ban may have caused the Ministry of Agriculture's leadership to consider it an unsuitable channel for coordination and cooperation. This could explain why the Association of Operators was established as a channel of coordination, cooperation, and later implementation, between the Ministry of Agriculture and the poultry importers. According to one source, the Association of Operators was intended by the Ministry of Agriculture to balance Rosptitsesoiuz (Levicheva 2002).

The Association of Operators was in continuous contact with the Ministry of Agriculture, and also MERT, on the issue of import quotas (Andrianov 2003 [letter]). According to a representative of the association, it had close contacts with both ministries in general, and also with the State Customs Committee, in the Duma and the Federation Council, and these contacts served to "bring our point of view to the attention of the government" (Surikov 2003 [interview]). The association took on extensive coordinating functions in developing a meat quota policy. The association took the initiative, and enlisted the support of other business associations, to establish a consultation council to monitor meat import (Andrianov 2003 [letter]). This consultation council was established in the autumn of 2002. It actively advised MERT during the development of quota regulations in late 2002 and early 2003. According to one of the association's founders, also a co-chair of the new council, their proposals led MERT to change the proposed regulations (Andrianov 2003 [letter]). This was confirmed in the Association of Operators as well. The council was active and had quite an influence on the quota system (Surikov 2003 [interview]). That the council's proposals met with understanding in government agencies should come as no surprise, as more than half of its members were representatives of the executive and legislative power (Surikov 2003 [interview]). It accordingly seems to have created a broader base for the new quota system.

To sum up, the Association of Operators was delegated public authority on the issue of poultry import to a considerable extent. Public authority on the issue of development of the poultry business in Russia in general was to a degree delegated to Rosptitsoiuz. This contrasts with the one-way access Rosptitsoiuz represented before March 2002, when it largely issued demands, and otherwise participated only to a limited extent.

Structures

How was the state-business network structured? On this dimension, there was less change. This was a rather closed structure. Membership was restricted. Initiative to a certain extent came from above, not from below, and this indicates that coordination was hierarchical. For one thing, the Minister of Agriculture explicitly approved the extensive delegation of public authority to the Association of Operators. Another thing is that access to the Ministry of Agriculture seemed to be very important for participants in the business, like the major importers and USAPEEC. There were also interlocking memberships and leaderships, with USAPEEC and the Association of Operators being members of each other's organisations, and Rosptitsoiuz having Ministry of Agriculture representatives on its Council of Directors.

Access was only partly ensured by multiple channels. For USAPEEC, there were multiple channels, as it had direct access, as well as the channel provided through membership in the Association of Operators. The same applied to OptiFud, the major importer, which was a member of both these organisations. But in general, the two main channels of access were the Association of Operators and Rosptitsoiuz, and there were few cases of multiple memberships. There were also few direct links between members of these organisations and state actors.

The network changed in the period under study. As the Association of Operators was included in the network, it became more intense and integrated. Contacts became more frequent and regular, over the issue of import quotas as well as a development programme for the business. After mid-2002, the network also took on more functions, as discussed above. This may have reinforced the tendency towards more interaction.

However, I argue that this was a rather stable network. For example, the founding of the Association of Operators represented a strengthening of monopolisation of interest representation, rather than a threat to it. The Association of Operators was formed as an interest representation monopoly for poultry importers. This seemed to divide the poultry business into two nearly separate spheres, represented by the association and Rosptitsesoiz, both with an approximation of representational monopoly. Before the association was founded, poultry importers were not represented through Rosptitsesoiz or any other organisation. They still had interests in balancing Rosptitsesoiz's influence, and seemed to represent a challenge to it. However, the division of interest spheres between the two organisations, and the two branches of the business, was not perfect. For one thing, they still had partly conflicting interests. But the point here is that the possibilities of being represented through these business associations, as well as the difficulties of remaining outside them, were even more pronounced after the Association of Operators appeared than before.

Another stable feature was the emphasis on hierarchy over horizontal consultation. Access to the Ministry of Agriculture was no less important towards the end of 2002 than a year earlier. Consultation was still on a hierarchical basis, also when the Association of Operators was delegated the task of coordinating the development of the quota system with MERT.

Institutionalisation

To what extent was the network institutionalised and formalised? Institutions were important in this network. It was important for businesses to be represented in institutionalised and permanent channels, as discussed above. Actors from the state and the business side also seemed to prefer formal organisations and councils to informal meetings. Meetings between state and business actors often took place in formal settings, for example, meetings organised by business associations like Rosptitsesoiz. These formal organisations wielded considerable influence, like the influence the Association of Operators had on the poultry market through its participation in the development of quota policy and implementation.

Power relations

How autonomous was the state in this relationship? Did initiatives and decisions reflect one side of the relationship more than the other side?

The power relations in the poultry network were to a large extent conditioned by the Ministry of Agriculture's political leadership. This is an important finding in the case. The circumstances surrounding the creation of the Association of Operators support the finding. If the agricultural authorities actively sought to balance Rosptitsesoiz, this indicates that they followed an instrumental strategy towards interest organisations. It also indicates that Rosptitsesoiz was dependent on the Ministry of Agriculture for preserving its influence. Judging by Sergei Dankvert's speech in September 2002, when he complained about a lack of support from Rosptitsesoiz during the import ban, the Ministry of Agriculture's political leadership may have drawn the conclusion that it needed a channel for communication with poultry importers, not only poultry producers. The Association of Operators fulfilled such a demand.

In addition, no matter how one connects the Deputy Minister's speech to the founding of the Association of Operators, the speech indicated an instrumental view of interest organisations: if they were "poor and incompetent", they did not fulfil the Ministry of Agriculture's needs (Sagdiev 2002e).

But it remains unclear whether the initiative to establish the association came from the Ministry of Agriculture or from the large importers themselves. The large importers were not included in the process leading up to the import ban. This may have induced them to found the association as their own channel to the Ministry of Agriculture. However, once the Association of Operators was established it clearly satisfied the needs of both sides. The Ministry of Agriculture endorsed the Association from its founding day, and was clearly informed in advance about what was going to happen.

It therefore seems that the state to a considerable extent influenced the business side's access channels. The state was not only autonomous; it had a dominating presence in the network. Its instrumental view of access channels was shared by the

import businesses. The Association of Operators gave them direct access to the Ministry of Agriculture and MERT, in return for considerable influence on the poultry market, direct influence on the new import regulations, as well as control with the implementation of the regulations. The larger import businesses in this way acquired a means to control their market and competitors.

Accordingly, while the Ministry of Agriculture influenced the channels of access to policymaking, the Association of Operators gave quite a few benefits in return to the large import businesses. One can argue that it was not as much a question of who had captured whom in the network, as of access channels that maximised benefits for both sides. Rosptitsesoiz, initially perceived to lose influence when the association was created, was not left without benefits either: the draft development programme for the poultry business was strongly influenced by the organisation.

Strategies of public administration

Were the state agencies accessible to business actors? Did they actively support business associations? In this case, it seems that the Ministry of Agriculture pursued a strategy of being accessible only to some business associations: Rosptitsesoiz and the Association of Operators, and partly to USAPEEC. Individual access, i.e., outside of these associations, seems to have been more difficult. The Ministry of Agriculture also actively supported and sponsored the Association of Operators, and partly Rosptitsesoiz. The ministry delegated public authority to the Association of Operators relatively quickly after it was established. Much of this is discussed above. Three questions stand out as particularly important for this dimension. Firstly, did this represent an actively pursued strategy from the Ministry of Agriculture? Secondly, did the ministry prefer to support the Association of Operators instead of Rosptitsesoiz? And thirdly, can the creation of the Association of Operators be seen as an attempt from the Ministry of Agriculture to destroy Rosptitsesoiz?

The Ministry of Agriculture favoured and supported the Association of Operators actively from the association's establishment. The clearest indication is Agricultural Minister Aleksei Gordeev's words at the founding press conference. He made it clear that the association was established as a partial representational monopoly. He would

hardly have said this without meaning it, and without some support also from his own ministry; after all, it maintained close ties with Rosptitsoiuz.

It also seems that the Association of Operators was intended to balance and complement, if not outright challenge Rosptitsoiuz, from the side of the Ministry of Agriculture. Sergei Dankvert's public complaints about the lack of support from Rosptitsoiuz during the import ban, coupled with a reference to poor and incompetent business associations, indicate that this was the case.

However, it is to take the argument too far to say that the creation of the Association of Operators was intended to destroy Rosptitsoiuz. Rosptitsoiuz might well lose influence, or be merged with the association later. But Rosptitsoiuz's participation in drafting a government programme for development in the poultry industry does not combine well with a strategy in the Ministry of Agriculture to destroy it.

4.8.2 The network in poultry and the models

How may one understand the network in light of the models from the theoretical chapter? Because the network had a limited number of actors, and rather closed boundaries, it is reasonable not to consider loose networking patterns. Loose networking patterns are characterised by many businesses and interest brokers, and an open membership on a case-by-case basis. I therefore concentrate on the three other approaches in the discussion of the poultry network.

The poultry network at the end of this case was a closed, hierarchically coordinated, rather intense and dense network. It had many functions, indicating that state and business actors had an intense relationship. For example, the network channelled access, consultation, and cooperation in policy formation. Public authority was delegated for both policy development and implementation purposes. The network was highly institutionalised. It seems that the state was the stronger side in the relationship between state and business. As discussed above, this is not a clear-cut conclusion. For example, the business side received substantial gains, like significant influence on market conditions, in return for cooperation with state agencies. All in all, the poultry network cannot be characterised as a state capture network. Business interests did not

capture the state, and the state seemed to have rather more influence on business, and strategies towards business, than the other way around.

If state capture and loose networking patterns are unlikely models for describing the poultry network, clans and elite exchange may be closer to the central characteristics of the case. Clans have one major interest group with an informal representational monopoly. They are dense, intense and stable, coordinated by horizontal consultation: membership is closed. The clan model allows for many different functions, characteristic of a highly integrated network. State autonomy is low. Now low state autonomy is not in accordance with the findings in this case. Neither is a network that is coordinated through horizontal consultation. And the access channels here seem to be more formal than informal. Therefore, to see the poultry network as a clan would be to ignore some of the findings here. But there are some similarities as well: the tendency towards representational monopoly and closed boundaries for membership, and the intense state-business relationship in the network.

Elite exchange, on the other hand, is a model in which the network may be less intense, but it need not be so: it can include functions like negotiation and cooperation. The elite exchange structure is characterised by hierarchical authority, medium density and intensity. While boundaries for membership are open, membership is stable. And crucially here, power is equally distributed between state and business actors in elite exchange, with a strong emphasis on *quid pro quo*-relations. Is this the case in the poultry network? There is a possibility for that. After all, cooperation with state agencies in the poultry case brought valuable returns. On the other side, the state apparently took the initiative to change access channels: this seems a conscious strategy. Was the poultry network open to changes in membership? After all, the Association of Operators entered the network, so one could see membership as open and very stable, rather than close and occasionally modified. I argue that there was an imperfect representational monopoly in the poultry case. Representational monopoly is closely related to closed boundaries for membership. Therefore, it seems to take the findings in the poultry case too far to see it as elite exchange. On the other hand, the notion of an exchange could be an interesting idea for further studies. In this case, there was an exchange in which state actors gained influence on the access channels of

business towards themselves: how many there should be and which shape they could take. Business actors, on their side, gained influence on state policy and policy implementation in their market. In addition to a constant communication channel, this was the kind of representational monopoly that can lead to monopolisation or cartelisation in the market.

The idea of an exchange between state and business actors is a useful way of approaching state-business interaction in this case. However, some of the findings point towards other ways of seeing state-business relationships in Russia. For example, the imperfect monopoly on interest representation, the active support for the Association of Operators by the Ministry of Agriculture, and the instrumental view of interest representation in this agency, point towards a more active state than was the case in Russia only a few years ago. It could be that other models of state-business interaction, for example, models that include sectoral corporatism, could be found useful on closer investigation.

Corporatism is more formal than clientelism, of which clans is a variety, and often connected with an active state. Scholars do not agree on one definition of corporatism. Still, it is clear that in corporatism, be it within a sector, or at an overall societal level, “interest organizations become involved in policy implementation and acquire some form of public authority in order to aid them in this task” (van Waarden 1992: 47). This is, in van Waarden’s view, corporatism’s major point of departure from pluralism or clientelism. In corporatism, state agents support business interests through privileges, for example privileged access, and resources. In sectoral corporatism, this takes place at the sector level: access is privileged through sector-specific organisations or associations. Van Waarden also argues that in sectoral corporatism, assistance in policy implementation increases the mutual dependencies in the network and leads to more symmetrical relations than in clientelism and pluralism. And as regards network characteristics, sectoral corporatism is recognised by its high “stability and institutionalisation of relations, (...) centrality, presence of intermediary organisations, search for consensus and depoliticization” (1992: 47). In the poultry network, corporatism within a sector could accordingly provide a fruitful way of seeing state-business relationships.

4.8.3 A network in change?

The major change in the poultry network was a pronounced development from mid-2002 towards a more intense relationship. The inclusion of poultry importers into the network meant better representation. Essential features of the network, like a tendency towards imperfect monopolisation of interest representation, and hierarchical coordination of contacts, remained the same throughout the case.

The point of departure for finding factors that influence the network is an organisational change. The founding of the Association of Operators represented an organisational change in the poultry industry. Poultry importers were until mid-2002 denied representation, effectively blocked by Rosptitsoiuz's representational monopoly. The poultry importers founded a business association as an alternative to Rosptitsoiuz, and this association was included in the network. Afterwards, interaction in the network became more intense. But the inclusion of poultry importers did not mean that the boundaries of the network became more open: on the contrary, once included in the network, poultry importers supported the same strategy of exclusive membership as poultry producers had been pursuing for some time.

However, the import ban appeared to serve as a push for poultry importers and state actors alike to pursue this organisational change. It was the import ban that spurred the large importers to establish the Association of Operators (Surikov 2003 [interview]). The import ban put increased demands, and a higher workload, on the Ministry of Agriculture's political leadership. Rosptitsoiuz remained inactive and did not share the burden. This was later the point of Sergei Dankvert's September speech. The main organisational change in the network, the inclusion of a new business association, can accordingly be seen as catalysed by the import ban.

The lack of communication between state actors and a part of the poultry business, the importers, clearly was perceived as an acute problem by importers and state agents alike during the period of the import ban. But other considerations may also have played a part. The import ban showed the importers how exposed they were to changing regulations and interpretations of them. With the import ban, the Ministry of Agriculture abruptly changed the conditions in their market. If imports were to stop on

short notice every time the Ministry of Agriculture decided to pay attention to considerations of meat quality, a glut in the market, salmonella findings, or other problems, the risk in import to the Russian market would increase. It seems the large importers at some point during the import ban decided that it was far better to join this team than to be beaten by it. But the import ban may not only have scared the large importers. It probably also showed them the potential in trade and sanitary regulations for shaping the Russian market. This may have led them to seek influence on meat quotas, which they knew would most likely be unavoidable.

The import ban meant that both business and state actors faced new demands: poultry businesses faced them in their markets, while state actors faced them within their responsibilities. And this most likely influenced them towards increased engagement with each other.

Sector structure

Is the organisational change in the industry a consequence of a change to its sector structure? Again, as discussed on pages 6 and 29, sector structure is a combination of the economic structure of the industry and the economic weight of the industry. Can one see the organisational change as influenced by changes in the economic structure of the industry, or by changes to the economic weight of the industry? I think not, because there were no substantial changes to the economic structure of the industry, or to the economic weight of the industry, in the period under study. The political importance of the industry grew, but the economic weight of the industry in the Russian economy in general remained unchanged. An expanded time frame would be needed to study the impact of more general changes in the sector structure.

Bilateral relations

Is the organisational change in the industry a consequence of a change in bilateral relations? Again, it will be remembered that bilateral relations are defined as official contacts between Russian and American government agencies; bilateral agreements, and Russian and American government acts and statements directly targeting the cases in the bilateral relationship. Can the organisational change be seen as a consequence of such changes? The discussion that opened this section concluded that it is. Here, I would like to emphasise that the opening of a new access channel for poultry importers

into state agencies followed the import ban. That the import ban served as a catalyst for both sides to pursue closer relations is confirmed by several sources. Other considerations may have played a part as well, and most likely did. The import ban was a change in bilateral relations because this regulation change specifically targeted importers of American poultry. What is remarkable is how soon it influenced the state-business relationship in the case to change.

5 Concluding remarks

5.1 Introduction

In the preceding chapters, I analysed two cases of interaction between Russian state and business actors as they managed trade issues. In this chapter, I summarise the findings, and discuss their wider empirical and theoretical implications. The empirical findings are discussed first, and I begin with a summary of the steel and poultry networks. I then draw attention to four empirical findings. This is followed by a discussion of the theoretical implications of the empirical findings. First I discuss which of the models of state-business interaction were most useful. Then I discuss the influences of the two independent variables on the networks in the cases. Lastly, I argue that the network approach is a useful tool when approaching interest mediation in Russia.

5.2 Main empirical findings: Privileged access in stable networks

The empirical aim of this study was to describe how state and business actors interact in the two cases. As discussed in the theoretical chapter, Russia as a hybrid economy seems a more useful approach to the cases than that of a market economy. One assumption in this study has been that state-business interaction in Russia is not a process in which market mechanisms are prominent. This assumption was confirmed by the empirical findings. The patterns of interaction between state and business actors are briefly summarised below. I also discuss four empirical findings that characterise the system of interest mediation. I argue that this system can be called an insiders' system, where access is privileged, and networks are stable.

5.2.1 A brief summary of the steel network

The steel network went through three phases in the period under study. From early 1999 to mid-2000, it was partly closed, with low intensity and intermittent contact, low intensity in the relationship between state and business actors, and a low level of institutionalisation. In mid-2000, it changed to involve more frequent contact, and a higher level of institutionalisation. It acquired many functions, including cooperation and coordination, which imply a more intense relationship between state and business

actors. This lasted until the middle of 2002, when contact became less intense and the network lost some of its functions.

The actor dimension is particularly interesting. In the period from early 1999 to mid-late 2001, membership was somewhat restricted. Only three large steel enterprises were included in making important decisions on the business side. During 2001, a fourth steel enterprise was included. In 2002, there were complaints about a lack of influence from a fifth steel enterprise, making it unclear how the membership would develop in the future. The inclusion of more business actors in the network will probably be reflected in the distribution of export quotas, as this seems to be one of the motivations for participation in the network.

5.2.2 A brief summary of the poultry network

In the poultry case, the network was more stable. It had many functions, and this implies intense relations between state and business actors. Membership was restricted. A new set of members with a new access channel entered the network in the summer of 2002. After this, the tendency towards restricted membership and closed boundaries was even clearer than it had been. Other essential features of the network, for example, considerable intensity, and delegation of public authority to business associations, were preserved and enhanced. The network was well institutionalised. There was a certain exchange of influence between the state and business sides. In this exchange, state actors influenced business's access channels, while business actors influenced state policy and policy implementation in their market. One likely consequence in the Russian poultry market is a monopoly-like situation, when a cartel of major importers may have considerable control in the market.⁴⁶

5.2.3 Privileged access in stable networks

The steel and poultry networks have some characteristics in common. There are four interesting findings that seem particular to this system of interest mediation.

- A mixture of formality and informality in the networks;

⁴⁶ But this is not state capture: If the poultry market in 2004-05 develops towards monopolisation and cartelisation, with extensive delegation of public authority to the Association of Operators on the Eurasian Poultry Market, this is because policy decisions in the Ministry of Agriculture made it possible.

- A remarkable stability. Still, the networks are responsive, and give the impression of a dynamic state-business relationship;
- Interesting structural similarities between the networks in the two cases;
- Lastly, in this system of interest mediation, business insiders have privileged access to state actors.

Informality mixed with formality

In common wisdom, a characteristic of Russian state-business contacts is that informal interaction is more important than formal interaction. This is also the expectation for the four models of state-business interaction used in this study (cf. table 2.1). The findings in this study modify this picture. Contacts between state and business actors in the cases were not only informal; there were important formal ties as well. The formal arenas were not only used for legitimation purposes, but supplemented informal contacts. In the steel case, informal and formal ties were both important; the informal (but very regular) contacts seemed to be more prominent than the formal ones. In the poultry case, formal ties and arenas for interest mediation mattered more in channelling access. When state and business actors needed to communicate better, the network was modified with a formal access channel.

Dynamism and stability

In both cases, interests were mediated in a rather stable way. The relative stability and predictability of the networks' main characteristics do not indicate that this is a "chaotic social formation" (Lane 2000). Ties between the actors were not chaotic, or maintained on a case-by-case basis. In the steel case, some of the actors had been players in the steel business for a considerable period of time. And, as the president of SEMPR was happy to proclaim, at last there was now a "fully working corporative system" in the steel business (Afonin in Afonin and Pechik 2003 [interview]). In the poultry business, more of the actors were new to each other, but their aim seemed to be to develop a lasting system of relations. But while the networks were stable, they were open to changes. Network changes came as pragmatic responses to influences from outside the networks. When the networks responded to these influences, interaction could become more or less intense, take on more functions or lose some functions, or

include a new actor. However, these were restricted changes. The network structure would be modified to include a new function, or a new actor, but otherwise retained its previous features.

Similarities between the cases

The cases belong to quite different economic sectors. The ministries and agencies involved were different. The poultry industry was not very important in the Russian economy in the period under study: It consisted of many small businesses, although import businesses were rather large and powerful. The steel business had relatively few and important enterprises. As a sector, it was powerful. But the relations between state and business in the two cases were not that different at the end of the period under study. This regards the role of the business associations in particular. The state influenced business associations and business access channels to a considerable extent, but more in the poultry case than in the steel case. In both cases, however, the business associations were powerful, especially because public authority for import or export quota management was delegated to them. This made it possible for the business associations to control access to their members' markets. In the poultry business, a likely consequence was a cartelisation of import to the Russian poultry market. In the steel case, it meant that access for new steel exporters to quota-regulated markets could be restricted through SEMPR. In spite of all the different details in the two cases, this is a striking similarity between them.

Privileged access in the insiders' system

In some respects, one could call the networks an insiders' system: Actors know each other. The other side of this is that business actors needed to work hard to gain access to state agents (Davleev 2003 [interview]), or to be included in the decision making channels that really mattered (cf. the complaints of Aleksei Ivanushkin and Mechel's management about the preponderance of the four larger steel producers in steel export issues). In the poultry case, the main state agency seemed to pursue a strategy of active support of and changes in business associations. This points towards a system where **access was privileged**.⁴⁷ Participation in the right channels brought benefits. Once inside, delegation of public authority, and influence on policies, were

⁴⁷ I am grateful to Graeme Gill for allowing me to use his expression.

within reach for the active business actor. This was enhanced by state agents' support for active business actors and business associations.

In the insiders' system, there seem to be very **few channels** for access between state actors and business actors. Within these channels, decisions and policies were discussed and made. Outside the state-business channels, influence was restricted to (feeble) public protest, like that of GMPR. With hard work and convincing action, one could gain access to channels of communication. This system of privileged access gave substantial influence to the ones inside. It can be interpreted as a cooptation of business interests into state structures, as argued by Graeme Gill (Gill 2004).

5.3 Main findings as regards the models of state-business interaction

Some models often used in studies of state-society relations in Russia may be more useful than others. One of the theoretical aims of this study was to discuss whether some of these models are better suited than others to describe state-business interaction in the cases. The findings are discussed here, and I lastly discuss how useful the models are when applied at the sector level.

5.3.1 *The poultry network and the models*

One could see the poultry network as an elite exchange network, but in my conclusion to chapter four (page 99), I suggest that sectoral corporatism could be a more useful model. In sectoral corporatism, state agencies meet business actors that are united in major interest associations with representational monopolies. State-business networks take on many functions, and the structure is closed, with high intensity and stability. State and societal actors can be balanced in the network, and mutually dependent on each other, while both sides preserve a good measure of autonomy. Contacts are formal, consensus is sought, and crucially, state actors may actively support or change interest associations (van Waarden 1992:40). This is not a model elaborated in this study, but the findings in the poultry case indicate that it could be a useful model for other studies.

5.3.2 *The steel network and the models*

The steel network changed from having some traits of a loose networking pattern, to having more in common with a clan from mid-2000 to mid-2002. Then the network changed again and once more became less clan-like. The changes were restricted to a few of the dimensions of the network. However, neither clans nor loose networking patterns provide a really good description of the network. The clan model, with all its shortcomings, is at one point closer to the steel network than the other models, but it is not close enough to be a good description of it.

As suggested in the chapter on the steel case, it could be that the steel exporters' business association, SEMPR, to some extent mediated mainly the interests of the three major steel producers. It would be interesting to analyse the steel network through other models, like sectoral corporatism, and investigate this further. This would require an even closer look at relations between all steel producers and SEMPR.

5.3.3 *The models: inadequate at the sector level but useful research tools?*

As shown above, none of the four models of state-business interaction fully reflects interest mediation in the cases studied here. However, that does not imply that they were not useful in the research. The models were used as ideal-types through which the empirical findings were analysed. Each model exposes some traits of a system of interest mediation, while placing less emphasis on other characteristics. This proved useful in the comparison between the two cases. It was possible to compare the models, because they had the dimensions of the network approach in common. The models made it easier to interpret the findings.

Furthermore, it may be that the models are better suited to describe interest mediation at other levels of Russian politics. General models are often developed on the basis of studies of one level of politics, for example, at the highest level, and then used to approach state-business interaction at all levels. However, there may be considerable differences from state-business interaction on the overall level of the political economy to the specifics of a sector or a sub-sector. Even though the models were not particularly well suited at the sector level, this does not mean that they are useless in all studies of state-business interaction in Russia.

5.4 Main findings as regards influences on the networks

5.4.1 *Network change*

The two cases differ as regards network change. The poultry network was enlarged in mid-2002 with a new channel for state-business interaction. Following this enlargement, the network featured more activity, and more intensity in the interaction between state and business actors. An organisational change in the industry, the creation of a new business association, influenced the network in this direction. The steel network became more intense and integrated in mid-2000, included a new actor in 2001, and lost some of its functions in mid-2002.

5.4.2 *Sector structure*

In the analysis of the poultry case, I concluded that there were no changes in the sector structure within the time frame of the study. Consequently, no conclusion can be drawn with regard to network influence in this case. In the steel case, the only sector structure change was the establishment of a new powerful actor, EvrazHolding. The new actor was gradually included in the network because the company had become too important in the steel sector to be overlooked. However, the inclusion of EvrazHolding in the network did not really lead to any changes in the network. Therefore, I conclude that the variable sector structure did not influence the networks in the cases studied here.

5.4.3 *Bilateral relations*

Both in the poultry case and in the steel case, bilateral relations were important for network change. In the poultry case, the import ban put increased demands on both state and business actors. The ban served as a catalyst for both the state and business side to open a new channel of communication between them. In the steel case, bilateral relations mattered when Russia was designated a market economy. The consequence was that the management of bilateral trade ties became organised in a different way, and the network became less intense in some respects as steel producers approached US authorities directly.

5.4.4 Internal sources of network change

Lastly in this section, it is pertinent to distinguish internal sources of network change from external ones. In the steel case, the first network change, in mid-2000, seemed to be significantly influenced by the replacement of the old Ministry of Trade with the new MERT. Gradually the network became more intense, and contacts became more frequent, because the new government agency pursued a different strategy in the network. MERT was more active, and more accessible to business actors, than the Ministry of Trade had been.

This change can be seen as a change in strategy from the public administration in the network. One state actor was replaced by another, and the new state agency pursued a different strategy towards the network. This change came from inside the network, and not from the outside.

5.5 Implications for further study

5.5.1 Influences on state-business networks

One of the findings in this study is that relationships to another country matter in both the cases. This has implications for further studies of influences on state-business networks, and not only when this regards trade issues.

An important point here is that the contexts of domestic networks are not necessarily only domestic. Networks formed to manage trade issues, like the steel and poultry networks, may be more susceptible to changes in foreign relations than other networks. But networks formed around other issues need not be isolated from international influence. Relations with other countries influence most policy areas, because international processes are developing in all policy areas. As more and more domestic issues acquire an international context, state and business actors will face new problems in many policy areas. The framework of this study can be useful in understanding their reactions, and how the relations between them are influenced in the process. That is why it is important to include the international context as an influence on domestic state-business relations.

5.5.2 *The network framework revisited*

The network framework was chosen for this study because of its flexibility. Firstly, its dimensions allow for systematic analysis of the organisation of state-business interaction. Secondly, it is possible to include any number of external and internal influences on state-business interaction. One may explore influences on the networks in an open manner, which was an aim of the study. In rounding off the conclusion, I will concentrate on the first point, the systematic analysis of the organisation of state-business interaction.

The dimensions in the network framework make it possible to describe and analyse state-business interaction. The framework does not predict behaviour, and is not well suited for testing theory. However, for description and analysis it is a useful tool. One can study state-business interaction in societies in which it is unclear how it is organised, and the characteristics of the system for interest mediation are unclear, or disputed. This is because the network dimensions approach state-business interaction systematically. It becomes possible to compare this interaction across different sectors, and over time. In this way, one may come closer to an understanding of how the state and society meet. In today's Russia, it is disputed how interests are mediated, and the processes of state-business interaction are not transparent. It is difficult to place these phenomena in existing categories for political and economic systems, like democracy, or a market economy. In a situation like this, analysis is easily reduced to describing what goes on, without a systematic approach. The network framework has provided a systematic and useful approach in this study. Through this framework, one acquires an understanding of how, and by whom, decisions are made.

Appendix

Table A1 Imports to the United States from Russia, 1999-2002

(Thousands of US dollars, customs value basis. Ranked by dollar value in 2002.)

Product ^a	1999	2000	2001	2002
Oil, mostly non-crude oil	522,498	827,598	873,265	2,004,908
Aluminium	1,162,015	1,286,028	685,858	1,064,425
Silver and platinum	1,442,237	2,255,882	1,497,398	508,840
Non-ferrous metals, excluding aluminium, including copper and nickel	279,744	412,234	229,149	378,786
Iron and steel ^b	304,703	413,255	338,032	363,771
Clothing and accessories	131,015	260,593	333,542	358,591
Crustaceans, mostly crab	152,263	159,803	165,400	222,433
Plywood	75,441	88,935	103,899	129,966
Inorganic chemical elements, oxides, halogen salts	47,453	78,299	97,760	88,946
Fertilizers	50,568	92,192	131,620	88,613
Pearls and precious stones, i.e., diamonds	53,951	65,002	127,276	85,588
Alcoholic beverages (vodka)	79,816	72,437	95,665	80,570
Total trade, all items	5,805,001	7,796,434	6,261,301	6,824,944

Source: US Census Bureau (2003)

Table A2 Exports from the United States to Russia, 1999-2002

(Thousands of US dollars. Ranked by dollar value in 2002.)

Product ^c	1999	2000	2001	2002
Non-bovine meat, mostly poultry	136,421	461,985	739,507	433,253
Civil engineering equipment	152,466	196,494	276,159	331,928
Radioactive materials, mostly uranium	194	132,510	195,961	209,262
General machinery	124,491	148,435	170,800	190,924
Computers and equipment	71,417	92,132	112,422	117,043
Specialised machinery, including agriculture and food processing, excluding civil engineering equipment	39,732	63,620	103,011	108,971
Measuring and medical equipment	60,443	66,764	100,353	108,917
Motor vehicles and equipment	40,014	44,475	62,235	82,184
Tobacco products	27,947	66,851	114,768	81,280
Aircraft	468,004	202,179	10,661	65,795
Telecommunications equipment	65,126	67,395	70,870	50,995
Baby toys and carriages	5,856	10,277	14,864	29,952
Total, all commodities	1,844,679	2,318,294	2,724,084	2,398,543

Source: US Census Bureau (2003)

^a Selected items and customs groups. Radioactive material is excluded from the table. This is mostly uranium sent to the United States under a US-Russian agreement.

^b Excluding pig iron, iron and steel granules, powder, etc.

^c Selected items and customs groups.

Table A3 Production of crude steel 2002

(Thousands of metric tonnes)

Country	Production of crude steel 2002
China	181,688
European Union	158,567
Japan	107,745
United States	92,241
Russia	58,590
South Korea	45,390
Ukraine	34,056

Source: International Iron and Steel Institute (2004)

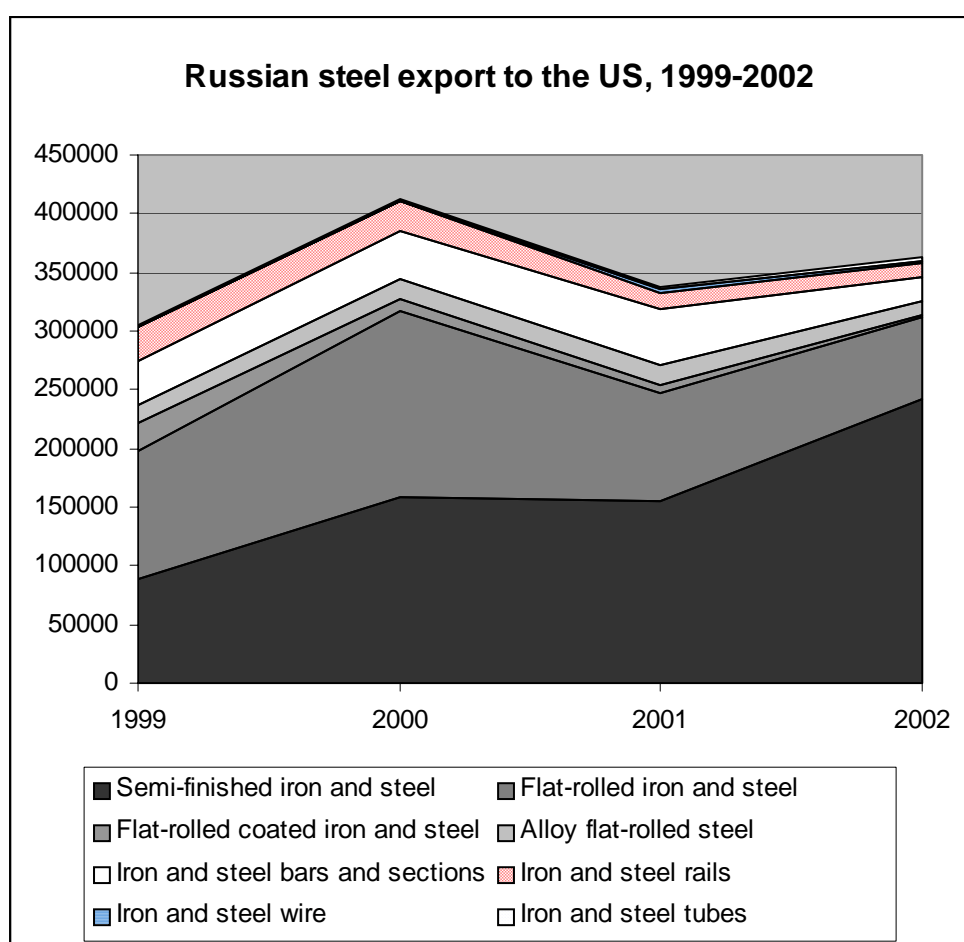


Figure A1 Export of Russian iron and steel to the United States, 1999-2002 ^d

(By steel commodity group. Thousands of US dollars.)

Source: US Census Bureau, (2003)

^d Raw materials, like ore and powder, are excepted.

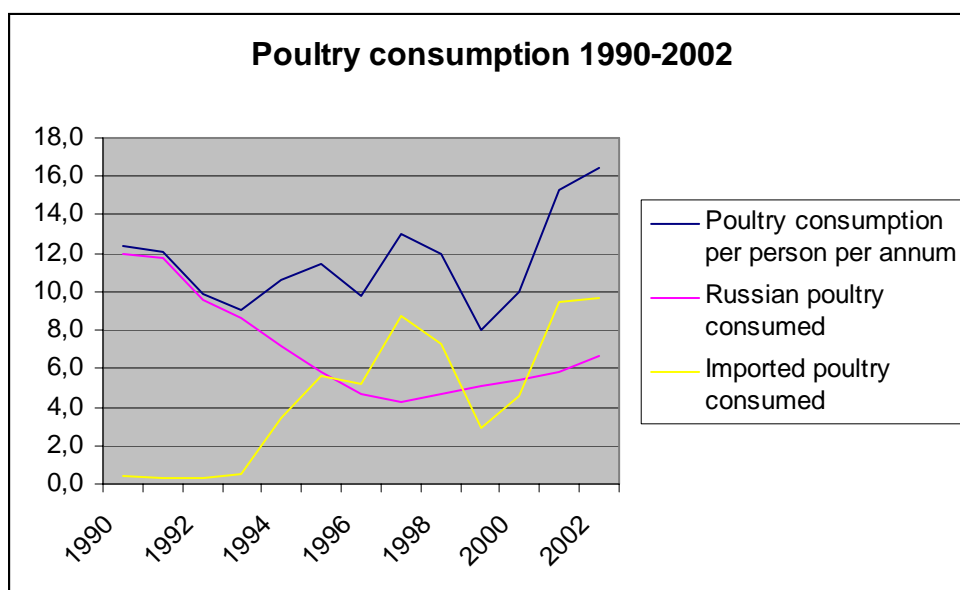


Figure A2 Poultry consumption in Russia 1990-2002^e

(Kilograms per person per year)

Source: MSKh and Rosptitsesoiz (2003:9).

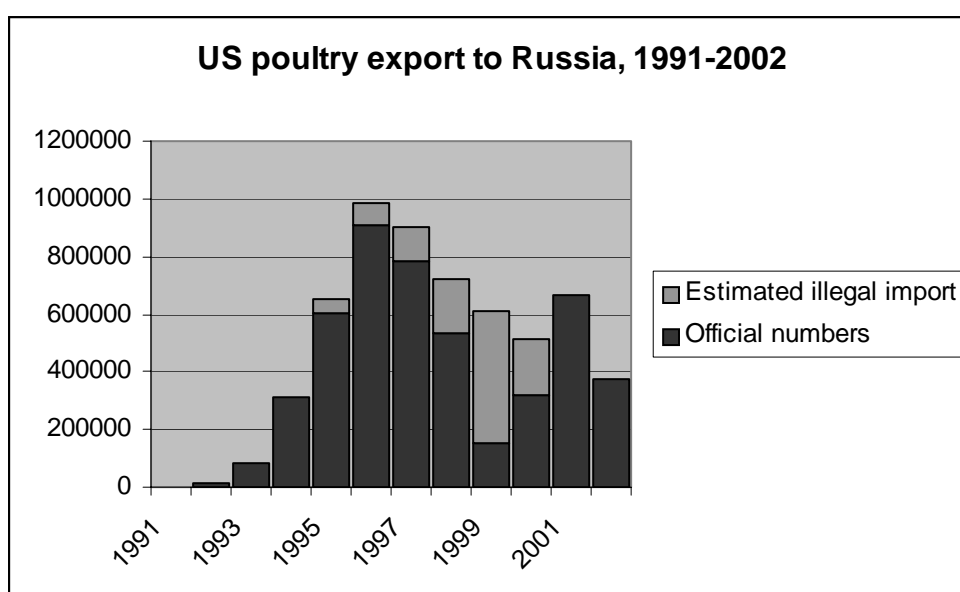


Figure A3 American poultry export to Russia, 1991-2002^f

(Thousands of US Dollars)

Sources: For official numbers, US Census Bureau (2003)

For estimated illegal import, Sparks (2002)

^e Real numbers are believed to be higher, cf. Figure A3.

^f From 1996 to 2000, there was a substantial illegal poultry import to Russia of US chicken (Sparks 2002:8-10). In August 2000 new legislation and lower import tariffs led to a decrease in illegal import. Illegal import from August 2000 to 2003 is estimated to between 15 and 20 per cent of the total market.

References

I. Literature

- Ablayeva, Bella** (2001): *The impact of currency devaluation on US poultry exports: the case of Russia*. MSc thesis. Athens, Ga.: University of Georgia, Department of Agricultural and Applied Economics.
- American Iron and Steel Institute** (1999): "1998 Steel imports of 41.5 million tons highest ever". Press release. Available from [<http://www.steel.org/archives/pr/1999.htm>]. 19 February. Cited 15 December 2003.
- Andersen, Svein S.** (1997): *Case-studier og generalisering: Forskningsstrategi og design*. Bergen: Fagbokforlaget.
- Boissevain, Jeremy** (1974): *Friends of friends: networks, manipulators and coalitions*. New York: St. Martin's Press.
- Bren, Linda** (2001): "Antibiotic resistance from down on the farm", *FDA Consumer Magazine*, 35 (1) January-February 2001.
- Bukkvoll, Tor** (2002): "Arming the Ayatollahs. Economic lobbies in Russia's Iran policy", *Problems of Post-Communism*, 49 (6): 29-41.
- Bunin, I.M., A. Iu. Zudin, O. M. Ivanov, A. V. Makarkin and B. I. Makarenko** (2002): "Vstuplenie Rossii v VTO: vnutripoliticheskie aspekty" (Russia's entry to the WTO: domestic political perspectives), *PolitZhurnal*, (89) 26 September. Available from [<http://www.politcom.ru/2002/jour89.php>]. Cited 9 September 2003.
- Clapham, Christopher S.** (1982): *Private patronage and public power: political clientelism in the modern state*. London: Frances Pinter.
- Department of Commerce** (1999a): "Agreement concerning trade in certain steel products from the Russian Federation". 12 July. Available from [<http://www.export.gov/autosuggest.asp?docid=53756900&url=http%3A%2F%2Fia%2Ei%2Fta%2Edoc%2Egov%2Fdownload%2Frussteel%2Ehtm&ip=&port=&imgflg=&sumflg=ContextSummary&author=>]. Cited 15 December 2003.
- Department of Commerce** (1999b): "Suspension of antidumping investigation: hot-rolled flat-rolled carbon-quality steel products from the Russian Federation". 12 July. Document ID A-821-809. Available from [<http://www.export.gov/>].
- Department of Commerce** (2000): "Suspension of antidumping investigation: cold-rolled flat-rolled carbon-quality steel products from the Russian Federation". 4 February. Document ID A-821-810. Available from [<http://www.export.gov/>].
- Department of Commerce** (2002): "Draft agreement suspending the antidumping investigation on cold-rolled carbon steel flat products from the Russian Federation". 23 September. Document ID A-821-815. Available from [<http://www.export.gov/>].
- Donaldson, Robert H., and Joseph L. Noguee** (2002): *The foreign policy of Russia: Changing systems, enduring interests*. New York/London: M.E. Sharpe.
- Eisenstadt, Shmuel Noah, and Luis Roniger** (1984): *Patrons, clients and friends: Interpersonal relations and the structure of trust in society*. Cambridge: Cambridge University Press.
- Ericson, Richard E.** (2001): "Is Russia in transition to a market economy?", ch. 17 in Archie Brown (ed.): *Contemporary Russian politics: A reader*. Oxford: Oxford University Press. First published in 2000 in *Post-Soviet Affairs*, 16, (1): 18-25.
- Ernst & Young CIS** (2003a): "Industry overview: agriculture". *An EYE on Russia*, January. Moscow: Ernst & Young CIS.

- Ernst & Young CIS** (2003b): "Obzor staleliteinoi promyshlennosti" (Industry overview: steelmaking). *An EYe on Russia*, November. Moscow: Ernst & Young CIS.
- Food Safety and Inspection Service** (2001): *FSIS to amend agency residue policies and procedures*. 7 August. News release. Prepared by the United States Department of Agriculture. Washington, D.C. Available from [http://www.fsis.usda.gov/OA/news/2001/residues.htm]. Cited 12 February 2004.
- Fortescue, Stephen** (1997): *Policy-making for Russian industry*. Basingstoke: Macmillan.
- Frye, Timothy** (2002): "Capture or exchange? Business lobbying in Russia", *Europe-Asia Studies*, 54 (7): 1017-1036.
- Gill, Graeme** (2004): 'The presidency and Russia's civil society'. Paper presented at seminar, Putin's Democracy: Transitional, Managed or Illiberal? 23 January. Norwegian Institute for International Affairs.
- Graham, Thomas E.** (1999): "From oligarchy to oligarchy: the structure of Russia's ruling elite", *Demokratizatsiya: The Journal of Post-Soviet Democratization*, 7 (3): 325-340.
- Gustafson, Thane** (1999): *Capitalism Russian-style*. Cambridge: Cambridge University Press.
- Hellman, Joel S., Geraint Jones, and Daniel Kaufmann** (2000): "Seize the state, seize the day": state capture, corruption, and influence in transition. Washington, D.C.: The World Bank, The World Bank Institute. World Bank Policy Research Working Paper 2444. Also available from the internet at [http://www.worldbank.org/]
- Hellman, Joel S., and Mark Schankerman** (2000): "Intervention, corruption and capture: The nexus between private enterprises and the state", *Economics of Transition*, 8: 545-576.
- Hill, Michael** (1997): *The policy process in the modern state*. London/New York: Prentice Hall/Harvester Wheatsheaf.
- Hosking, Geoffrey** (2000): "Patronage and the Russian state", *Slavic and East European Review*, 78 (2): 201-320.
- Hough, Jerry F., and Merle Fainsod** (1979): *How the Soviet Union is governed*. Cambridge, Mass.: Harvard University Press.
- IAM (Institut agrarnogo marketinga)** (2002): "Analiz situatsii na rynke miasa ptitsy v 2002 godu" (An analysis of the situation on the poultry market in 2002). *Product.ru*, 19 July. Moscow: Institut agrarnogo marketinga.
- IEPP/APR (Institut ekonomiki perekhodnogo perioda, Analiticheskii tsentr agroproduktov'stvennoi ekonomiki)** (2002): 'Kharakteristika rynka miasa ptitsy v Rossii: effektivnost' ego vneshnetorgovogo regulirovaniia' (Characteristics of the poultry market in Russia: the effectiveness of its foreign trade regulation). Paper presented at roundtable conference, O sostoianii rynka miasa ptitsy v Rossii i otsenke vozmozhnykh variantov ego razvitiia v 2033-2005 godakh (About the condition of the poultry market in Russia and evaluation of the possible scenarios for its development in 2003-2005), 31 January 2003. Moscow.
- IKAR (Institut kon'iunktury agrarnogo rynka)** (2002): 'Rossiiskii rynek miasa ptitsy' (The Russian poultry market). Paper presented at roundtable conference, O sostoianii rynka miasa ptitsy v Rossii i otsenke vozmozhnykh variantov ego razvitiia v 2033-2005 godakh (About the condition of the poultry market in Russia and evaluation of the possible scenarios for its development in 2003-2005), 31 January 2003. Moscow.
- International Iron and Steel Institute** (2004): "Monthly statistics (December 2003). Crude steel production." [http://www.worldsteel.org/csm_table.php]. Cited 10 February 2004.
- Johnson, Juliet** (1997): "Russia's emerging financial-industrial groups", *Post-Soviet Affairs*, 13 (4): 333-365.

- Johnson, Kris** (2001): "Deciphering Russia's current meat market", *BISNIS Report*. Available from [<http://www.bisnis.doc.gov/bisnis/country/010612FMD.htm>]. Cited 20 January 2003.
- Kharkhordin, Oleg** (1994): "The corporate ethic, the ethic of samostoyatel'nost and the spirit of capitalism: reflections on market building in post-Soviet Russia", *International Sociology*, 9 (4): 405-429.
- Kharkhordin, Oleg, and Theodore P. Gerber** (1994): "Russian directors' business ethic: a study of industrial enterprises in St. Petersburg, 1993", *Europe-Asia Studies*, 46 (7): 1075-1108.
- Kjellberg, Francesco, and Marit Reitan** (1995): *Studiet av offentlig politikk: En innføring*. Oslo: Tano Aschehoug.
- Kravchuk, Mikhail** (2002a): *Kommentarii Departamenta veterinarii Minsel'khoza Rossii na zapret vvoza miasa ptitsy na Ukrainu iz SShA* (Comments of the Veterinary Department of the Russian Agricultural Ministry to Ukraine's ban on the import of American poultry). Moscow: Minsel'khos Press Release, 29 January.
- Kravchuk, Mikhail** (2002b): *Glavnym gosvetinspektoram zonal'nykh upravlenii gosvetnadzora* (To the public head veterinary inspectors of the regional administrations of the state veterinary inspectorate). Moscow: Minsel'khos Press Release, 1 March.
- Kryshtanovskaya, Olga, and Stephen White** (2003): "Putin's militocracy", *Post-Soviet Affairs*, 19 (4) (December): 289-306.
- Lane, David** (2000): "What kind of capitalism for Russia? A comparative analysis", *Communist and Post-Communist Studies* 33: 485-504.
- Lehmbruch, Barbara** (1999): *Managing uncertainty: hierarchies, markets and "networks" in the Russian timber industry. 1991-1998*. Discussion paper no. 4. Helsinki: Bank of Finland Institute for Economies in Transition.
- Lehmbruch, Barbara** (2001): *Coping with uncertainty: the fragmentation of sectoral governance in Russian industry*. Ph.D. diss. Berkeley, California: University of California.
- Masliukov, Iurii** (2002): *Deklaratsiia* (Declaration). Moscow: Assotsiatsiia operatorov evraziiskogo rynka miasa ptitsy.
- McKinsey Global Institute** (1999): *Unlocking economic growth in Russia*. Moscow: McKinsey & Co.
- Milward, H. Brinton, and Ronald A. Francisco** (1983): "Subsystem politics and corporatism in the United States", *Policy and Politics* 11: 273-293.
- MERT (Ministerstvo ekonomicheskogo razvitiia i torgovli)** (2003): "Itogi komissii po zashchitnym meram 30 dekabria 2002 goda". (Conclusions from the commission on protective measures 30 December 2002). Press release. Available from [http://www.economy.gov.ru/merit/preliz_040103.html]. Cited 15 December 2003.
- Minpromnauki (Ministerstvo promyshlennosti, nauki i tekhnologii)** (2002a): *Kontseptsiiia razvitiia metallurgicheskoi promyshlennosti Rossii do 2010 goda* (Programme for the Development of the metallurgical industry to 2010). Moscow: The Ministry of industry, science and technology.
- Minpromnauki (Ministerstvo promyshlennosti, nauki i tekhnologii)** (2002b): *Metallurgiiia: Proekt kontseptsii* (Metallurgy: Programme project). Moscow: The Ministry of industry, science and technology.
- MSKh, and Rospitsoiuz (Ministerstvo sel'skogo khoziaistva, and Rossiiskii ptitsevodcheskii soiuz)** (2003): *Federal'naia tselevaia programma razvitiia ptitsevodstva v Rossiiskoi Federatsii v 2003-2005 gg. i na period do 2010 g. (Proekt)* (Federal Programme for the Development of Poultry Production in the Russian Federation 2003-2005 and in the Period to 2010 (Project)). Moscow: The Ministry of Agriculture and the Russian Union of Poultry Producers.

- Pravitel'stvo Rossiiskoi Federatsii** (2002): *Kompleks mer po razvitiu metallurgicheskoi promyshlennosti na period do 2010 goda* (A set of measures for the development of the metallurgical industry in the period to 2010). Moscow: The Government of the Russian Federation.
- Pravitel'stvo Rossiiskoi Federatsii** (2003): *O merakh po zashchite rossiiskogo ptitsevodstva* (About the measures for protection of the Russian poultry business). Postanovlenie Pravitel'stva RF ot 23 ianvaria 2003 g. N 48. Moscow: The Government of the Russian Federation.
- President** (2002): Proclamation. Steel Products, Proclamation 7529. Available from [http://www.whitehouse.gov/news/releases/2002/03/]. Cited 16 February 2004.
- Putnam, Robert D.** (1988): "Diplomacy and domestic politics: the logic of two-level games", *International Organization*, 42 (3) (Summer): 427-460.
- Rhodes, R. A. W.** (1990): "Policy networks: a British perspective", *Journal of Theoretical Politics* 2: 292-316.
- Roniger, Luis** (1994): "The comparative study of clientelism and the changing nature of civil society in the contemporary world", ch. 1 in Luis Roniger and Ayşe Güneş-Ayata (eds.): *Democracy, clientelism, and civil society*. Boulder/London: Lynne Rienner.
- RSPP (Rossiiskii soiuz promyshlennikov i predprinimatelei)** (2002): *Doklad k zasedaniu Kollegii Minpromnauki Rossii 16 apreliia 2002 goda: O merakh po sokhraneniui konkurentosposobnosti rossiiskoi chernoi metallurgii* (Report to the session of the collegium of the Russian Industry Ministry on 16 April 2002: On measures to preserve the competitiveness of the Russian ferro-metallurgy). Moscow: The Russian Union of Industrialists and Entrepreneurs.
- RSPP, and TPPRF (Rossiiskii soiuz promyshlennikov i predprinimatelei, and Torgovaia-promyshlennaia palata Rossiiskoi Federatsii)** (2002): *Sovmestnoe zaivlenie Torgovogo-promyshlennoi palaty Rossiiskoi Federatsii i Rossiiskogo soiuz promyshlennikov i predprinimatelei (rabotodatelei)* (Joint declaration by the Russian Chamber of Commerce and Industry and Russian Union of Industrialists and Entrepreneurs (Employers)). 6 March. Moscow: The Russian Union of Industrialists and Entrepreneurs and the Russian Chamber of Commerce and Industry.
- Rutland, Peter (ed.)** (2001): *Business and state in contemporary Russia*. The John M. Olin Critical Issues Series. Boulder, Co.: Westview Press.
- Sapir, Jacques** (1996): *Le chaos russe*. Paris: La Découverte.
- Shevtsova, Lilia** (2003): *Putin's Russia*. Washington, D.C.: Carnegie Endowment for International Peace.
- Smith, Martin J.** (1994): "Policy networks and state autonomy", ch. 2 in Stephen Brooks and Alain-G. Gagnon: *The political influence of ideas*. Westport/London: Praeger.
- Sparks** (2002): "Otsenka ob'emov eksporta miasa ptitsy iz SShA v Rossiiu" (An estimate of the volume of poultry export from the US to Russia). Paper presented at roundtable conference, O sostoianii rynka miasa ptitsy v Rossii i otsenke vozmozhnykh variantov ego razvitiia v 2033-2005 godakh (About the condition of the poultry market in Russia and evaluation of the possible scenarios for its development in 2003-2005), 31 January 2003. Moscow.
- Stark, David, and László Bruszt** (1998): *Postsocialist pathways: transforming politics and property in East Central Europe*. Cambridge: Cambridge University Press.
- Steen, Anton** (2003): *Political elites and the new Russia: the power basis of Yeltsin's and Putin's regimes*. BASEES/RoutledgeCurzon Series on Russian and East European Studies, no. 5. London/New York: RoutledgeCurzon.
- United States Census Bureau** (2003): "U.S. International trade statistics", available from [http://censtats.census.gov/sitc/sitc.shtml]. Washington, D.C.

- United States Trade Representative** (2002): *Veneman and Zoellick register strong U.S. complaints to Russia over poultry ban*. Press Release 02-28. Prepared by the Executive Office of the President. Washington, D.C.
- USAPEEC (US Poultry and Egg Export Council)** (2002): “Press-konferentsiia, posviashchennaia obrazovaniu Assotsiatsii operatorov evraziiskogo rynka miasa ptitsy” (Press conference dedicated to the establishment of the Association of Operators on the Eurasian Poultry Market). Available from [<http://www.usapeec.ru/press/>]. Cited 2 September 2003.
- Van Waarden, Frans** (1992): “Dimensions and types of policy networks”, *European Journal of Political Research* 21: 29-52.
- Vorozheikina, Tatiana** (1994): “Clientelism and the process of political democratization in Russia”, ch. 7 in Luis Roniger and Ayşe Güneş-Ayata: *Democracy, clientelism, and civil society*. Boulder, Co./London: Lynne Rienner Publishers.
- Wedel, Janine R.** (2001): *Clans, cliques, and captured States: rethinking “transition” in Central and Eastern Europe and the former Soviet Union*. WIDER Discussion Paper No. 2001/58. Helsinki: United Nations University, World Institute for Development Economics Research.
- Willerton, John P.** (1992): *Patronage and politics in the USSR*. Cambridge: Cambridge University Press.
- Yin, Robert K.** (1994): *Case study research: design and methods*. 2nd ed. Applied Social Research Methods Series, Vol. 5. Thousand Oaks: SAGE.

II. Other sources

1. Articles from the mass media

- AK&M** (2002a): ‘Rossiia ne namerena vvodit’ zapret na import miasa ptitsy iz SShA po primeru Ukrainy’. 30 January.
- Arabov, Pavel** (2002a): ‘Metallurgi ne rasstroeny, no i ne rady’. *Kommersant*. 17 May.
- Arabov, Pavel** (2002b): ‘Metallurgam predlozhili zapolnit’ anketu’. *Kommersant*. 24 July.
- Arsiukhin, Evgenii** (2002): ‘Kurinaia slepota’. *Rossiiskaia gazeta*. 12 March.
- Auzan, Vasilii** (2002): ‘Gosudarstvo ne dlia vseh’. *Ekspert*. 18 November.
- Bardin, Vadim** (1999): ‘SShA ukazali na dver’ rossiiskim eksporteram stali’. *Kommersant*. 13 July.
- Blinov, Vadim** (2002): ‘U.S. concessions placate Russia’. *Moscow News*. 27 March.
- Butrin, Dmitrii** (2002): ‘Stal’noe peremirie’. *Kommersant*. 20 March.
- Butrin, Dmitrii, Nikolai Ivanov, and Fedor Kotrelev** (2002): ‘Stal’noi zanaves’. *Kommersant*. 6 March.
- Chernyshov, Mikhail** (2001): ‘Kak nakalialas’ stal’. *Moskovskaia Promyshlennaia Gazeta*. 20-26 September.
- Dobrov, Dmitrii** (2002a): ‘Minsel’khoz mozhet zapretit’ import “nozhek Busha”’. *Kommersant*. 30 January.
- Dobrov, Dmitrii** (2002b): ‘Kura non-grata’. *Kommersant*. 4 March.
- Dobrov, Dmitrii** (2002c): ‘Rossiiu ne pustiat v VTO bez “nozhek Busha”’. *Kommersant*. 7 March.
- Evstigneeva, Elena** (2002a): ‘Kas’ianov skazal, voiny net. V “nozhkakh Busha” nashli sal’monellu’. *Vedomosti*. 6 March.
- Evstigneeva, Elena** (2002b): ‘Psikhicheskaia ataka na “nozhki Busha”’. *Vedomosti*. 12 March.

- Helmer, John** (1998): 'Russia: Moscow defends its meat market'. *Radio Free Europe/Radio Liberty*. 30 April.
- Igumnova, Zinaida** (2002): 'Kurinoe lobbi. U ptits poiavilas' podderzhka pravitel'stva'. *Novaia gazeta*. 22 August.
- Interfaks** (2002a): 'Rossiia mozhet ogranichit' postavki miasa ptitsy iz SShA'. 27 February.
- Interfaks** (2002b): 'Vetsluzhba RF k ponedel'niku soglasuet spisok ekspertov SShA, s kotorymi budet vesti peregovory po "kurinoi" probleme'. 7 March.
- Interfaks** (2002c): 'Gossekretar' SShA obsudil s glavoi MID Rossii polozhenie ha Blizhnem Vostoke i postavki amerikanskoi kuriatiny'. 9 March.
- Interfaks** (2002d): '"Kuriniu problemu" reshit' bystro ne poluchitsia—Minsel'khoz RF'. 11 March.
- Interfaks** (2002e): 'TSeny na miaso ptitsy v RF za vremia deistviia zapreta na import iz SShA povysilis' pochni na 10%—eksperty'. 21 March.
- Interfaks** (2002f): 'Rossiiskie ptitsevody obviniaiut amerikanskikh kolleg v diskreditatsii vetsluzhby RF'. 6 April.
- Interfaks** (2002g): 'Podpisanie novogo vetsertifikata na postavku v RF miasa ptitsy iz SShA vnov' otlozhenno'. 23 July.
- Isakova, Tat'iana** (2002): 'Zharkoe s antibiotikom'. *Moskovskii Komsomolets*. 25 January.
- Ivanov, Nikolai** (2002a): 'Antidempingovoe presledovanie'. *Kommersant*. 3 April.
- Ivanov, Nikolai** (2002b): '"Poshliny nado osparivat"'. *Kommersant*. 3 April.
- Kaika, Zoia** (2000a): 'Bespravnye metallurgi'. *Vedomosti*. 15 November.
- Kaika, Zoia** (2000b): 'Metallurgi ishchut vykhod'. *Vedomosti*. 6 December.
- Kaika, Zoia** (2002a): 'Bush ob"iavit rossiiskikh metallurgov vne zakona'. *Vedomosti*. 14 February.
- Kaika, Zoia** (2002b): 'Asimmetrichnyi otvet'. *Vedomosti*. 7 March.
- Kaika, Zoia** (2002c): 'Den' zashchitnika otechestva'. *Vedomosti*. 14 March.
- Kaika, Zoia** (2002d): 'Nash otvet Bushu'. *Vedomosti*. 29 April.
- Kaika, Zoia** (2002e): 'Metallurgi odumalis'. *Vedomosti*. 24 May.
- Kaika, Zoia** (2002f): 'Metall v plenu'. *Vedomosti*. 30 July.
- Kaika, Zoia, and Dmitrii Simakov** (2002): 'Poshliny na kremnii vyrastut'. *Vedomosti*. 20 August.
- Karpova, Oksana** (2002): 'S kurinyim razmakhom'. *Vremia MN*. 13 September.
- Kommersant** (2002): 'Minsel'khoz otkazalsia vstrechat'sia s ekspertami iz SShA'. 6 March.
- Kostina, Galina** (2002a): 'Vragi ptitsevoda'. *Ekspert*. 11 February.
- Kostina, Galina** (2002b): 'Delezh miasnykh aktivov'. *Ekspert*. 28 October.
- Krest'ianskie Vedomosti** (2001): 'SShA aktiviziruet vvoz "nozhek busha" na Ukrainu i v Belorussiiu. Ssylaias' na primer Rossii'. 6 November.
- Krest'ianskie Vedomosti** (2002a): 'Rossiia, pokhozhe, otkazhetsia ot "nozhek busha" poslednei'. 4 February.
- Krest'ianskie Vedomosti** (2002b): 'Bush chetyre raza zvonil Putinu po povodu kur'. 16 April.
- Krest'ianskie Vedomosti** (2003): 'V 2002 godu Rossiia uvelichila import miasa, ptitsy i ryby'. 15 January.
- Kuz'min, Vladimir** (2002): 'Pravitel'stvo zashchishchaet otechestvennykh proizvoditelei ne delom, a slovom'. *Nezavisimaia gazeta*. 30 May.
- Levicheva, Ol'ga** (2002): 'Kurinoe lobbi'. *Gazeta.ru*. 8 August.
- Lyle, Robert** (1996): 'The poultry dispute between Russia and the U.S.' *Radio Free Europe/Radio Liberty*. 8 March.

- Lyle, Robert** (1997): 'Russia: meat industry in decline'. *Radio Free Europe/Radio Liberty*, 19 November, available from [http://www.rferl.org/nca/features/1996/11/f.ru.961119152730.html]
- Lyle, Robert** (1998): 'Russia: U.S. stock markets rally'. *Radio Free Europe/Radio Liberty*, 9 September, available from [http://www.rferl.org/nca/features/1998/09/f.ru.980909123418.html]
- Makeev, Andrei** (2000): 'Vladimir Lisin: Strane nuzhna kontsepsiia zashchity natsional'nykh interesov'. *Nezavisimaia gazeta*. 26 July.
- Melikova, Natal'ia** (2002a): 'Stal'naia voina ne okonchena'. *Nezavisimaia gazeta*. 15 February.
- Melikova, Natal'ia** (2002b): 'Voina na porazhenie'. *Nezavisimaia gazeta*. 7 March.
- Metallosnabzhenie i sbyt** (2002a): 'Zashchishchat' rynochnost' rossiiskoi ekonomiki budut metallurgi, a ne goschinovniki'. 15 January.
- Metallosnabzhenie i sbyt** (2002b): 'Pis'mo stal'nykh oligarkhov Predsedatel'iu Pravitel'stva RF M. Kas'ianovu'. 6 June.
- Metallosnabzhenie i sbyt** (2002c): 'M. Kas'ianov odobril kompleks mer po razvitiu metpromyshlennosti Rossii'. 10 September.
- Metallosnabzhenie i sbyt** (2002d): 'Metallurgi uvereny, chto pozitsiia Mechela pri raspredelenii eksportnykh kvot uchityvat'sia ne budet'. 4 October.
- Metallosnabzhenie i sbyt** (2002e): 'M. Medvedkov predlozhit raspredeliat' kvoty na postavki stali v ES cherez auktsiony'. 4 November.
- Metallosnabzhenie i sbyt** (2002f): 'Mechel odobril skhemu raspredeleniia kvoty na postavku stali v ES v 2003 g.'. 11 December.
- Metallosnabzhenie i sbyt** (2002g): 'Rossiiskie metallurgi vremenno prekratit postavki v SShA g/k tolstogo stal'nogo lista'. 19 December.
- Metallosnabzhenie i sbyt** (2003a): 'Severstal' i Eldin proveli koordinatsionnyi sovet'. 18 March.
- Metallosnabzhenie i sbyt** (2003b): 'Severstal' provela koordinatsionnyi sovet so svoimi partnerami'. 28 April.
- Metallosnabzhenie i sbyt** (2003c): 'MPS i metallurgi sozdadut koordinatsionnyi sovet po resheniiu voznikaiushchikh voprosov'. 15 August.
- Netreba, Petr** (2002a): 'Aleksei Mordashov pereschital biudzhety'. *Kommersant*. 30 April.
- Netreba, Petr** (2002b): 'Pravitel'stvo vypolnilo nakazy metallurgov'. *Kommersant*. 17 May.
- Novoslobodskaya, Svetlana** (2001): 'Nashu stal' snova goniat iz Ameriki'. *Vedomosti*. 2 October.
- Orlov, Dmitrii** (2002): 'Stal'noe domino'. *Vremia MN*. 21 May.
- Overchenko, Mikhail** (2001): 'Mirovye soglaseniya po stali'. *Vedomosti*. 10 July.
- Polit.ru** (2001): 'Kak sokrashchalas' stal': Evropa serditsia, Amerika upriamitsia, Rossiia prosit deneg'. 20 December.
- Prianishnikov, Petr** (2002): 'Kuram na smekh'. *Vershiia/Sovershenno sekretno*. 21 October.
- Prokopenko, Denis** (2000a): 'Stal'nye voyny: Epizod 2'. *Nezavisimaia gazeta*. 22 July.
- Prokopenko, Denis** (2000b): 'Strane ne khvataet khoroshikh menedzherov'. *Nezavisimaia gazeta*. 8 August.
- Prokopenko, Denis** (2000c): 'Ha grani stal'noi voyny'. *Nezavisimaia gazeta*. 13 September.
- Prokopenko, Denis** (2000d): 'Stal'noi taim-aut'. *Nezavisimaia gazeta*. 26 September.
- Prokopenko, Denis** (2000e): 'Rossiia gotova razviazat' "stal'nuiu voynu". *Nezavisimaia gazeta*. 18 November.
- Prokopenko, Denis** (2000f): '"Stal'noi" ul'timatum'. *Nezavisimaia gazeta*. 15 December.
- Prokopenko, Denis** (2001): 'Metallurgi otlozhili "stal'nuiu" voynu'. *Nezavisimaia gazeta*. 13 January.

- Promyshlennyyi ezhenedel'nik** (2003): 'V predelakh razumnogo. Cherepovetskie obeshchaniia prem'era', 2 (30) (25 August). A summary is available from [http://www.mpnt.gov.ru/?workspace=second.jsp&xml=1061812488011.rtf.fo&document_id=2606&full=1&catalogue_id=539¤t_catalogue_id=539]. Cited 15 December 2003.
- RBK** (2002a): 'Minsel'khoz RF: Rossiia sistematically zakryvaet import produktov pitaniia iz riada stran, odnako politicheskii aspekt dannogo voprosa voznik tol'ko v situatsii s SShA'. 12 March.
- RBK** (2002b): 'MERT RF nachinaet rassledovanie v otnoshenii vozrosshego importa miasa ptitsy v Rossiiu'. 10 July.
- RIA Novosti** (2002): 'Gosduma podderzhala pozitsiiu rossiiskogo pravitel'stva po voprosu vremennogo ogranicheniiu vvoza v stranu ptitsevodcheskoi produktsii iz SShA'. 20 March.
- RIA Novosti** (2003): 'Mosoblduma odobrila zakon o razvitii v Moskovskoi oblasti ptitsevodstva'. 5 February.
- Rozhkova, Mariia** (1999): 'Kak prodavalas' stal''. *Vedomosti*. 22 November.
- Rozhkova, Mariia** (2000a): 'Vnutrennie bolezni metallurgov'. *Vedomosti*. 19 April.
- Rozhkova, Mariia** (2000b): 'Metallurgi rvutsia v SShA'. *Vedomosti*. 7 July.
- Rozhkova, Mariia** (2002a): 'MAP nastupaet na metallurgov'. *Vedomosti*. 10 July.
- Rozhkova, Mariia** (2002b): 'Metallurgi podelili kvoty'. *Vedomosti*. 12 August.
- RTR-Vesti.ru** (2002a): 'MID RF: deistviia SShA nosiat protektsionistskii kharakter'. 6 March.
- RTR-Vesti.ru** (2002b): 'Mezhdunarodnyi rynek stali mozhnet rukhnut''. 6 March.
- Rybak, Sergei, and Rinat Sagdiev** (2002): 'Kurinyi lobbist'. *Vedomosti*. 7 August.
- Sagdiev, Rinat** (2002a): 'Na svobodu s "chistymi" nogami'. *Izvestiia*. 21 March.
- Sagdiev, Rinat** (2002b): 'Zaletnaia ptitsa'. *Vedomosti*. 19 June.
- Sagdiev, Rinat** (2002c): 'Kuriatina pod sledstviem'. *Vedomosti*. 2 July.
- Sagdiev, Rinat** (2002d): 'Masliukov zaimetsia selektsiei'. *Vedomosti*. 9 August.
- Sagdiev, Rinat** (2002e): 'Lobbi novogo sozyva'. *Vedomosti*. 4 September.
- Sagdiev, Rinat, and Elena Evstigneeva** (2002): '"Kurinoe" peremirie'. *Vedomosti*. 15 July.
- Sas, Ivan** (2002a): 'Otol'iut li Germanu Grefu pamiatnik iz nerzhaveiki'. *Nezavisimaia gazeta*. 15 April.
- Sas, Ivan** (2002b): 'Druzhba druzhboi, a metalloproduktsiia—vroz''. *Nezavisimaia gazeta*. 16 April.
- Sas, Ivan** (2002c): 'Takticheskie uspekhi na fone strategicheskikh poter''. *Nezavisimaia gazeta*. 18 April.
- Sas, Ivan** (2002d): 'Bezzashchitnaia zashchita'. *Nezavisimaia gazeta*. 26 January.
- Sigel, Thomas** (1995): 'Government hikes import duties on foodstuffs'. *OMRI Daily Digest*, 1, 94, 16 May.
- Simakov, Dmitrii** (2002a): 'Sortirovka metallurgov'. *Vedomosti*. 9 July.
- Simakov, Dmitrii** (2002b): 'Kas'ianov prinial metallurgicheskuiu programmu'. *Vedomosti*. 9 September.
- Simakov, Dmitrii** (2002c): 'Sdelka na \$110 mln'. *Vedomosti*. 25 September.
- Simakov, Dmitrii** (2002d): 'SShA osvobodili nashu stal''. *Vedomosti*. 18 October.
- Simakov, Dmitrii, and Natal'ia Neimysheva** (2002): 'Plody rynochnogo statusa'. *Vedomosti*. 26 August.
- Sivakov, Dmitrii** (2002): 'Plavka na zhizn''. *Ekspert*. 8 April.
- Skorobogat'ko, Denis** (2002): 'Rossiia proigraet torgovuiu voinu'. *Gazeta.ru*. 6 March.
- Smirnov, Konstantin** (2002): 'Za Ameriku zaplatiat Ukraina i Kazakhstan'. *Kommersant*. 14 March.

Smovzh, Marina (2002): ‘Kury vsekh stran, ob’ediniates’’. *Izvestiia*. 9 August.

Solov’ev, Evgenii (1999): ‘Aleksi Mordashov: “My khotim konkurirovat’ na mirovom rynke”’. *Nezavisimaia gazeta*. 1 October.

Strana.ru (2002): ‘SShA otmeniaut poshliny na stal’’. 23 August.

Vardul’, Nikolai (2002): ‘Podnozhka Bushu’. *Kommersant-Vlast*. 19 March.

Vedomosti (2000a): ‘SShA vsekh prostili’. 6 March.

Vedomosti (2000b): ‘Kakovy perspektivy rossiiskikh staleproizvoditelei na rynke SShA?’’. 13 March.

Vedomosti (2002a): ‘Igra isporchena’. 5 March.

Vedomosti (2002b): ‘Kak otvetit’ Amerike?’ 11 March.

Vedomosti (2002c): ‘Gref postradal za metal’. 24 May.

Vedomosti (2002d): ‘My slyshali, chto...metallurgam otomstiat’. 10 July.

Vinogradov, Il’ia, and Mariia Rozhkova (2001): ‘Kak sokrashchalas’ stal’’. *Vedomosti*. 19 December.

Vlasova, Ekaterina, and Ivan Sas (2001): ‘Amerike snova ne nraivitsia russkaia stal’’. *Nezavisimaia gazeta*. 24 October.

Voronina, Anfisa, Dmitrii Simakov, and Vera Kuznetsova (2002): ‘Stal’ na ptich’ikh pravakh. Rossiia srazhaetsia s Amerikoi ee zhe kurinyimi nozhkami’. *Vremia novostei*. 6 March.

2. Personal interviews, telephone and written communication

Afonin, Serafim, and Vladimir Pechik (2003): *Interview by author*. 21 May. President and director, respectively, Russian Union of Metal Exporters.

Andrianov, Aleksandr (2003): *Letter to author*. 13 May. Advisor, OptiFud.

Edwards, Robert (2003): *Interview by author*. 16 May. Director, Renaissance Capital.

Davleev, Al’bert (2003): *Interview by author*. 19 May. Head, USA Poultry and Egg Export Council in Moscow.

Goshchinskii, Valentin (2003): *Interview by author*. 19 May. Chief of Information and Publishing Department, Miners’ and Metallurgical Workers Union of Russia.

Rospitsetsoiuz (2003): *Telephone conversation with author*. 28 April. Secretary.

Surikov, Anton (2003): *Interview by author*. 19 May. Executive Director, Association of Operators on the Eurasian Poultry Market.

Tiurina, Elena (2003): *Interview by author*. 16 May. Director, Institute of Agrarian Marketing.

Zaitseva, Ekaterina (2003): *Interview by author*. 20 May. Expert, Ministry of Economic Development and Trade.